

SENATE

TUESDAY, NOVEMBER 23, 1937

(Legislative day of Tuesday, November 16, 1937)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, November 22, 1937, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the joint resolution (S. J. Res. 67) conferring jurisdiction upon the Court of Claims to hear and determine the claim of the estate of John F. Hackfeld, deceased.

CALL OF THE ROLL

Mr. LEWIS. I note the absence of a quorum and suggest that the roll be called.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Johnson, Colo.	Pepper
Andrews	Copeland	King	Pittman
Ashurst	Davis	La Follette	Pope
Austin	Dieterich	Lee	Radcliffe
Bailey	Duffy	Lewis	Russell
Bankhead	Ellender	Lodge	Schwartz
Barkley	Frazier	Logan	Schwellenbach
Berry	George	Loneragan	Sheppard
Bilbo	Gerry	Lundeen	Shipstead
Bone	Gibson	McAdoo	Smith
Borah	Gillette	McGill	Steiwer
Bridges	Glass	McKellar	Thomas, Okla.
Brown, N. H.	Graves	McNary	Thomas, Utah
Bulkeley	Green	Maloney	Townsend
Bulow	Guffey	Miller	Truman
Burke	Hale	Moore	Tydings
Byrd	Harrison	Murray	Vandenbergh
Byrnes	Hatch	Neely	Van Nuys
Capper	Hayden	Norris	Wagner
Caraway	Herring	Nye	White
Chavez	Hitchcock	O'Mahoney	
Clark	Johnson, Calif.	Overton	

Mr. LEWIS. I announce that the Senator from West Virginia [Mr. HOLT], the Senator from Delaware [Mr. HUGHES], and the Senator from North Carolina [Mr. REYNOLDS] are absent from the Senate because of illness.

The junior Senator from New Jersey [Mr. SMATHERS] is absent because of illness in his family.

The Senator from Michigan [Mr. BROWN], the Senator from Ohio [Mr. DONAHEY], the Senator from Nevada [Mr. McCARRAN], the Senator from Indiana [Mr. MINTON], the Senator from Massachusetts [Mr. WALSH], and the Senator from Montana [Mr. WHEELER] are unavoidably detained from the Senate.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by the District Organizing Committee of the United Federal Workers of America, Washington, D. C., favoring the prompt enactment of the bill (H. R. 8428) to provide for the hearing and disposition of employee appeals from discriminatory treatment by superiors in the Federal service, and the bill (H. R. 8431) establishing a 5-day workweek in the Federal service, and for other purposes, which were referred to the Committee on Civil Service.

He also laid before the Senate resolutions adopted by employees of Area Statistical Office No. 11 of the Works Progress Administration, San Francisco, Calif., protesting against the discontinuance of such statistical offices under the W. P. A., which were referred to the Committee on Education and Labor.

Mr. COPELAND presented a memorial of sundry citizens of Brooklyn and vicinity, in the State of New York, remonstrating against the enactment of any legislation tending to increase taxes or imposts on foods, which was referred to the Committee on Finance.

He also presented resolutions adopted by the American Labor Party (21st A. D. Kings), of Brooklyn, N. Y., favoring the enactment of legislation beneficial to labor and agriculture; to increase the allotments for extension of the Works Progress and Public Works Administrations, and for direct relief so as to "balance the human budget," and also to reorganize the executive branch of the Government as recommended by the President, which were ordered to lie on the table.

He also presented a resolution adopted by a mass meeting held by the Social Democratic Federation Branch in the Amalgamated Houses, New York City, N. Y., favoring the enactment during the present special session of Congress of the so-called Black-Connelly wage and hour bill, and any other labor-farmer legislation substantially as recommended by the administration, which was ordered to lie on the table.

WAGES AND HOURS OF LABOR

Mr. BORAH. Mr. President, I ask to have inserted in the RECORD and appropriately referred resolutions adopted by the convention of the American Federation of Labor on the question of legislation with respect to wages and hours.

There being no objection, the resolutions were referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

WAGE AND HOUR LEGISLATION

Excerpts from the Proceedings of the American Federation of Labor at its 1937 convention in relation to the Black-Connelly hour and wage bill

Whereas the Black-Connelly, the so-called wage-hour bill, was not prepared for introduction into Congress by the American Federation of Labor, nor was labor consulted as to its several provisions and its phraseology; and

Whereas the bill as introduced would have created a governmental agency influencing, and its discretion replacing, collective bargaining as now carried on by voluntary association of wage earners and their employers; and

Whereas the most essential right of free men is that of voluntary association for lawful purposes, a right upon which the exercise of free speech, free political institutions, and of religious organizations have their foundation; and

Whereas this priceless right and the freedom to bargain collectively with employers would be injuriously affected by any Federal board or commission, or their representatives who had the power to in any measure replace the function of the members of the American Federation of Labor to bargain collectively with their employer; and

Whereas it would be definitely injurious to the right of voluntary organization if collective bargaining was in any way limited or abridged, and the principle of voluntarism in the activities of free men was interfered with:

Resolved, That this convention approve of all legislative measures intended to guarantee the right of labor to voluntary organization for its protection, and which, in addition, assists labor in its practice of collective bargaining with employers; and be it further

Resolved, That this convention is opposed to any form of legislation which would in any way limit, abridge, or supplant the practice of collective bargaining, or which would in any measure interfere with, supplant, or transfer the practice of collective bargaining from organized labor to boards, commissions, or other bodies established by Federal laws; and be it further

Resolved, That this convention declare its conviction that all legislation introduced into Congress, State legislatures, or municipalities relative to labor, in the preparation of which the American Federation of Labor, or its representatives have not taken part, justly comes under suspicion and should be given most thorough examination before receiving approval.

So that some of the issues involved in the Black-Connelly bill may be more clearly defined, your committee calls attention to the fact that this bill was not introduced by the American Federation of Labor, neither did officers of the American Federation of Labor participate in its preparation.

The bill was not drafted by a committee of the Senate or the House, neither did the Senator who introduced it in the Senate and the Congressman who introduced it in the House, have a hand in its preparation.

The bill when first introduced gave to the commission it proposed to create, authority to set up undefined jurisdiction. The bill quite evidently was intended to establish maximum hours of

labor and minimum wage rates, which would protect that part of labor unable to protect itself. The commission, among other things, would have had authority to set up differing minimum wage rates along geographical lines, and within these boundaries to set differing regulations as between certain industries and groups of employers.

With the purpose of establishing a point below which wages could not be paid and hours of labor beyond which wage earners could not be employed, the American Federation of Labor is in accord. There exists, however, differences of opinion as to how this most desirable and necessary condition can be secured.

The experiences of our movement with the authority exercised by N. R. A. and the difficulty, if not impossibility, of having the unwise and conflicting decisions of subordinates reviewed and set aside, the experiences of our movement under the National Labor Relations Act give valid reason for most searching examination before we give our approval to the establishing of further boards or commissions having power to determine questions of minimum wage and maximum hours or any other phase of the relationship of employer and employee.

These experiences make us reluctant to approve the creation of any additional boards or commissions having to do with industrial relations.

It seems obvious that our trade-union movement should support all legislation necessary to guarantee and protect labor in its unlimited right to organize; in its unlimited right to choose its own representatives, and its unlimited right to carry on collective bargaining with employers.

The introduction of another principle for regulating hours and wages, after the right to organize and carry on collective bargaining has been established, raises a most serious problem.

Your committee further agrees that when such legislative measures are introduced without our having participated in their preparation, that labor is justified in assuming a definitely questioning attitude, until such time as it has become thoroughly convinced that there is nothing in the measure which would work disadvantageously to our free trade-union movement.

Your committee * * * recommends that the officers and the executive council be directed before taking further action in connection with the Black-Connelly bill to call into consultation the officers of the building and construction trades department, the metal trades department, the railway employees department, and the label trades department of the American Federation of Labor.

Secretary Frey moved the adoption of the committee's report.

The motion was seconded by Vice President Woll.

The motion to adopt the committee's report was carried by unanimous vote.

REPORT OF COMMITTEE ON RESOLUTIONS

Vice President Woll, chairman of the committee, reported as follows:

To amend Connery wage and hour bill to prevent importation of products of low-paid foreign labor

Resolution No. 66, by Delegate James A. Taylor, Washington State Federation of Labor:

"Whereas there was introduced in the last session of Congress a measure known as the Connery wage and hour bill, which in certain of its provisions seeks to prevent entering through interstate commerce products of sweatshops and low-wage factories; and

"Whereas there is imported into the country from low-wage foreign countries numerous products manufactured under conditions abhorrent to the American wage earner; and

"Whereas this bill did not pass at the last session but will be reintroduced at the next session of Congress: Now, therefore, be it

"Resolved, That the American Federation of Labor at its fifty-seventh annual convention assembled instruct its officers to have an amendment introduced applying to foreign imports such as those suggested for articles manufactured in this country."

Your committee recommends concurrence in this resolution and refers it to the executive council, with the request that it give full support to the legislation requested.

The recommendation of the committee was unanimously adopted.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McNARY:

A bill (S. 3034) for the relief of Faye B. Millie; to the Committee on Claims.

By Mr. SCHWELLENBACH:

A bill (S. 3035) to authorize the city of Vancouver, Wash., to construct and maintain a historical memorial on the Vancouver Barracks Military Reservation, Wash.; to the Committee on Military Affairs.

By Mr. LONERGAN:

A bill (S. 3036) granting an increase of pension to Susan A. Armington; to the Committee on Pensions.

By Mr. BONE:

A bill (S. 3037) for the relief of Sarah E. Thompson; to the Committee on Claims.

AGNES K. O'BRIEN

Mr. MOORE submitted the following resolution (S. Res. 199), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Agnes K. O'Brien, widow of John J. O'Brien, late an employee of the Senate in the office of Senator A. HARRY MOORE, a sum equal to 6 months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

AMBASSADOR BULLITT'S VISIT TO WARSAW

Mr. LEWIS. Mr. President, with the consent of the Senator from South Carolina [Mr. SMITH], who I understand is to be recognized in connection with another matter, I bring to the attention of the Senate the fact that I have received this morning from the State Department a communication, a copy of which is in the hands of my eminent colleague and opponent from Michigan [Mr. VANDENBERG] and which reads:

DEPARTMENT OF STATE,

Washington, November 22, 1937.

The Honorable J. HAMILTON LEWIS,

United States Senate.

MY DEAR SENATOR LEWIS: Following the debate in the Senate on November 19, during which press dispatches from Europe about Ambassador Bullitt's trip to Warsaw were quoted, I sent Ambassador Bullitt a cable. For your information I am attaching a copy of an excerpt from his reply.

I hope that this will serve to clarify a situation which you will note arose from a false press story.

Sincerely yours,

CORDELL HULL.

I now read the reply, evidently sent to the Secretary of State by Mr. Bullitt. I think it will be interesting to the Members of the Senate. My able friend from Michigan, I understand, has likewise a copy of this communication:

PARIS, November 21, 1937.

SECRETARY OF STATE,

Washington.

November 21, 4 p. m.

Your November 20, 2 p. m.

I thank you for informing me that Senators VANDENBERG and LEWIS have expressed an interest in the totally untrue report sent by the United Press with regard to my visit to Warsaw. I communicated at once with Mr. Heinzen, who is in charge of the United Press office in Paris. He said to me that he had had nothing whatsoever to do with the story which had been sent at 4 a. m. by one of his assistants without consulting him in any way. The same assistant, without consulting him, had sent the second story, alleging that he had serious basis for the fabrication. Mr. Heinzen stated that as soon as he had learned of the matter he had sent a message telling the United Press to kill the story, but presumably his message had arrived too late.

Mr. Heinzen stated that he had questioned his assistant as to the source of the story, and his assistant had replied that he had heard it at 4 a. m. from a Polish newspaper correspondent in Paris, unnamed. Mr. Heinzen stated that he had informed his assistant that if he could not produce a substantial basis for the story the United Press undoubtedly would inform him that he was at liberty to resign. Mr. Heinzen said that his assistant had stated to him last night that he had been unable to discover any further basis for the story.

As you know, my visit to my friend, Ambassador Biddle, had been planned for several months and had no connection with official business. I did not even mention the anticointern pact to Beck in our conversations. I believe that the Senators interested are entitled to know that the story rests on nothing but a 4 a. m. aberration.

BULLITT.

I thank the Senate for letting me break into the program for a moment to enable me to tender this correspondence for the CONGRESSIONAL RECORD.

WHERE DO WE GO FROM HERE?—ADDRESS BY SENATOR VANDENBERG

[Mr. McNARY asked and obtained leave to have printed in the RECORD a radio address delivered by Senator VANDENBERG on November 22, 1937, on the subject, Where Do We Go From Here? which appears in the Appendix.]

ECONOMIC FREEDOM—THE ESSENTIAL BASIS OF PROSPERITY—ADDRESS BY SENATOR O'MAHONEY

[Mr. NORRIS asked and obtained leave to have printed in the RECORD a radio address delivered by Senator O'MAHONEY on November 19, 1937, on the subject of Economic Freedom—

the Essential Basis of Prosperity, which appears in the Appendix.]

NATIONAL WHEAT PROGRAM—ADDRESS BY SECRETARY OF AGRICULTURE

[Mr. MCGILL asked and obtained leave to have printed in the RECORD an address on the subject, A National Program for Wheat, delivered today by Hon. Henry A. Wallace, Secretary of Agriculture, at Wichita, Kans., which appears in the Appendix.]

POLITICS AND AGRICULTURE—ADDRESS BY HON. JAMES A. FARLEY

[Mr. HERRING asked and obtained leave to have printed in the RECORD an address on the subject of Politics and Agriculture, delivered by Hon. James A. Farley, chairman of the Democratic National Committee, at a meeting of the Democratic State Central Committee of Iowa, in Des Moines, Iowa, September 9, 1937, which appears in the Appendix.]

DEDICATION OF CANTIGNY MONUMENT, FRANCE—ADDRESS BY AMBASSADOR JOSEPHUS DANIELS

[Mr. SHEPPARD asked and obtained leave to have printed in the RECORD an address delivered on August 9, 1937, by Ambassador Josephus Daniels at the dedication of the Cantigny Monument, Somme, France, which appears in the Appendix.]

ENFRANCHISEMENT OF DISTRICT OF COLUMBIA CITIZENS

[Mr. CAPPER asked and obtained leave to have printed in the RECORD an address delivered by Wilbur S. Finch, president of the District of Columbia Suffrage Association, at a meeting held on November 20, 1937, in the auditorium of the District of Columbia Building, which appears in the Appendix.]

THANKSGIVING—ARTICLE BY GEORGE E. SOKOLSKY

[Mr. GREEN asked and obtained leave to have printed in the RECORD an article entitled "Thanksgiving," written by George E. Sokolsky and published in the Washington Star of November 21, 1937, which appears in the Appendix.]

RECIPROCAL-TRADE AGREEMENTS—ARTICLE BY FRANKLYN WALTMAN

[Mr. HATCH asked and obtained leave to have printed in the RECORD an article on Reciprocal-Trade Agreements, written by Franklyn Waltman, published in the Washington Post of November 23, 1937, which appears in the Appendix.]

PREVENTION OF AND PUNISHMENT FOR LYNCHING

Mr. WAGNER. Mr. President, I am informed that the chairman of the Committee on Agriculture and Forestry is prepared to move that the Senate take up for consideration the agricultural bill. In order to expedite the consideration of the agricultural bill, and in accordance with the agreement made by the proponents of the antilynching bill, I now withdraw the pending motion.

The VICE PRESIDENT. The Senator from New York withdraws his motion to proceed to the consideration of House bill 1507.

Mr. COPELAND. Mr. President, may I ask my colleague, Is it understood that, following the passage of the farm bill, the motion to take up the antilynching bill will be renewed?

Mr. WAGNER. We had a discussion last night relative to that matter, and both the majority and minority leaders agreed to the interpretation—and I am very sure that the Chair would so rule—that automatically, at the conclusion of the consideration of the agricultural bill, the so-called antilynching bill will come before the Senate as the unfinished business.

Mr. COPELAND. Mr. President—

The VICE PRESIDENT. Will the Senator from New York permit the Chair to say that, under his interpretation of the special order made at the last session of Congress, when the agricultural bill shall be completed the antilynching bill will come up automatically.

Mr. WAGNER. I thank the Chair very much. That answers the question of my colleague.

Mr. COPELAND. I thank the Chair, too. I was not sympathetic last summer with the proposal to postpone the attempt to have action on the antilynching bill, but I am

quite content if it is understood, as the Chair has so frankly stated, that the bill will come up for consideration after final action on the farm bill.

AGRICULTURAL RELIEF

Mr. SMITH. Mr. President, I move that the Senate proceed to the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

Mr. KING. Mr. President, I desire to ask the able chairman of the committee when we may have a report from the committee with reference to the bill which he now moves to take up for consideration, and also whether hearings have been held now or in the past and, if so, whether the hearings have been printed?

I may state that I have understood there have been rather ambulatory movements throughout the country during the summer, that hearings, more or less important, have been had by representatives of the committee, and that the committee itself has been in session for several days. The bill is a very important one. I am wondering whether we may have the advantage of those hearings and the advantage of any report from the committee and, if so, when.

Mr. SMITH. Mr. President, the bill was introduced sometime last August. Hearings were held preliminary to its introduction. Then hearings were held on the principles involved in the bill. These have all been printed and are now available. I have a copy now in my hand.

I desire to make a general statement with reference to the bill.

The VICE PRESIDENT. Does the Senator desire to have action on his motion prior to submitting his remarks?

Mr. SMITH. Yes.

The VICE PRESIDENT. The question is on the motion of the Senator from South Carolina that the Senate proceed to the consideration of Senate bill 2787.

The motion was agreed to; and the Senate proceeded to the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes, which had been reported from the Committee on Agriculture and Forestry with amendments.

Mr. SMITH. Mr. President, before the Senate proceeds to the consideration of the bill, I think it is my duty as chairman of the Committee on Agriculture and Forestry to make a general statement.

Some of the principles embodied in the bill were incorporated in a former bill which was drafted in cooperation with certain farm organizations and the Department of Agriculture. That bill was later introduced in the Senate by two Members of this body and in the House by a Member of that body. The suggestion was made to the Committee on Agriculture and Forestry of the Senate that, instead of calling certain so-called farm leaders to Washington for the purpose of getting the views of farmers as to what kind of legislation, if any, was wanted by them, certain subcommittees should be appointed by the Committee on Agriculture and Forestry to visit the farmers themselves. A motion to that effect was made and prevailed, and a subcommittee was appointed to visit the Grain Belt and another subcommittee appointed to visit the Cotton Belt.

To the great gratification of those subcommittees, the hearings were attended by an unusually large number of farmers. I myself visited every typical point designated in the schedule for hearings. There was an overwhelming sentiment expressed, and in some places a vote in favor of Federal control. There was not by any means a unanimous sentiment expressed as to what kind of control should be had. There were some who said, "We want control with teeth in it." There were those who wanted voluntary control, who intimated that the compensation would be as enticing and more effectual than compulsory control.

Speaking now of myself as chairman of the committee, I have been heartily in favor of the proposal to carry the question to the farmer. I made the statement that whatever

the overwhelming sentiment of the farmers might be, I, in response to that sentiment, would try to frame a bill in accordance with their desires. That I have done. I have collaborated with my colleagues on the committee in drafting a bill which, as nearly as may be, conforms to the wishes of those who produce the raw materials out of which are fabricated the food and clothing of the Nation.

The Secretary of Agriculture, in his public statements and in statements to me privately, has said that he prefers a middle-of-the-road program; that is, as nearly as may be to meet the wishes of those who desire compulsory control and the wishes of those who are in favor of voluntary control. I think careful students of the pending bill will see that we have approximated that desire. We provide in the bill two schedules relating to wheat, corn, tobacco, cotton, and rice as the basic agricultural products. In none of these has the committee provided for a control, but where two-thirds of those engaged in the production of any one of these commodities under a referendum vote ask for a compulsory control regulation, then compulsion shall be applied.

The general features of the bill conform to those measures which have been enacted previously looking toward providing a supply of these commodities adequate for domestic consumption and for estimated exports with a normal or reasonable carry-over of each.

There is in the bill a new departure, which has to be considered by this body, known as the ever-normal granary. It is provided that where the production exceeds exports, domestic consumption, and a reasonable or normal carry-over, then such surplus shall be stored under rules and regulations promulgated by the Secretary of Agriculture, and upon it, under certain conditions, a loan may be made. The theory upon which the ever-normal granary is advanced is that above what we call a normal carry-over there may be a supersurplus, and one of the objects of the provision is that if there is such a supersurplus it shall be under the control of the Government for distribution in any year when the specific product is either in excess demand or when, by virtue of failure of a given crop, it is desirable that the consumers in the country shall have a residue to draw upon. The other object of the ever-normal granary is to keep the price of any given product from rising out of all proportion because of the scarcity of the commodity in current production.

In other words, the ever-normal granary, when established, will place in the hands of the Secretary of Agriculture the power to control or stabilize prices; for it is provided that the surplus may be taken off the market in order that the current consumption, both export and domestic, may not be interfered with, or have its depressing effect upon marketing activities during a normal period; but when, by virtue of scarcity, the price begins to soar, then, under rules set forth in the bill, the Secretary may begin to release the commodity for market until the price again becomes normal, and cease releasing it when its release begins to have a depressing effect.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Michigan?

Mr. SMITH. I do.

Mr. VANDENBERG. Does the Senator think that will work?

Mr. SMITH. Mr. President, I prefer to have the Senator ask that question of someone who is better versed than I am in the operation of such a plan. Theoretically, it looks good. During the course of the debate I shall call attention to a parallel case with which we have had recent experience. Just now I am stating to the Senate, as nearly as I can, the purpose and intent of the principles of the bill.

As I said a moment ago, we went abroad and got at first hand, as we supposed, the opinions of those interested in the commodities enumerated in the bill. We took with us a stenographer, who recorded every opinion expressed.

When the limitation of time did not permit interested persons to make oral statements we accepted their written statements. We had hoped that between the completion of our itinerary and the hearings and the convening of Congress in regular session we should have time to digest the findings and give them whatever effect, if any, they might have upon the bill subsequently to be framed. But a special session was called practically at the conclusion of our hearings before the farmers themselves. The testimony we took was voluminous, but in the main it was very enlightening; and when the hearings shall have been printed I hope the Members of this body will study them.

Mr. President, in making this general statement as to the bill I desire to call attention to one startling fact: We had the A. A. A., and we had a certain allotment of acreage and a very pronounced reduction in production. When the compulsory control features of that act were declared unconstitutional, and that opinion became effective, there was drawn up in lieu thereof what was known as the Soil Conservation Act—a measure which, in its general principles, was designed to reimburse farmers who would reduce their acreage of the crops which were liable to result in disastrous surpluses, and plant it in certain soil-building crops—legumes and the like. In 1936 that plan worked admirably. No complaint came from anyone, and no agitation for a farm bill; but, to the amazement of everyone, in 1937, in spite of an acreage planted to cotton which was 10,000,000 acres less than that which had produced the largest crop ever made in this country up to this year—namely, 1926, as I recall, when we made approximately 18,000,000 bales on 44,000,000 acres—according to the Division of Crop and Livestock Estimates it is now estimated that on 34,000,000 acres we shall make 18,250,000 bales of cotton.

I communicated with the Division of Crop and Livestock Estimates, and found that the estimated yield per acre is approximately 75 pounds more than was ever before produced in the history of America. This, of course, paralyzed the price of cotton, because heretofore on the same acreage we have never made a crop exceeding from fourteen and a half to fifteen million bales. The normal consumption in America is about 7,500,000 bales; the average export is about 5,500,000 bales, making a total consumption, both domestic and foreign, of American cotton around 13,000,000 bales. The enormous surplus incident to the confusion of the crash of 1929 has been gradually dissipated, and had we not made a crop exceeding 14,000,000 bales this year the carry-over would have been about normal, but we were confronted and are today confronted with an appalling situation in reference to that particular product.

From 1929 to 1937 the foreign production of cotton is alleged to have increased 100 percent. In other words, along in 1929 the foreign production of cotton, the production outside of the United States, was about 10,000,000 bales in round numbers. It is estimated now to be about 20,000,000 bales. Therefore the aggregate American production, plus foreign, plus the carry-over, according to the estimates available, furnishes a 2-year supply of cotton if not another seed shall be planted. I wanted my colleagues to understand fully the desperate situation faced by the cotton farmers of the United States.

I wish now to refresh the minds of those who are listening as to the contribution of American cotton to the wealth of this country. There are certain astounding figures which I wish to put into the RECORD. In 1919 the value of the cotton crop after it was sold, its actual money value, was \$2,020,000,000. The following year it was \$1,069,000,000. In the year in which our Federal banks called in their loans and precipitated the deflation it dropped to \$675,000,000. But the year following it rose again to \$1,115,000,000. The next year it was \$1,454,000,000. The next year it was \$1,561,000,000. The next year it was \$1,577,000,000. The next year it was \$1,121,000,000. The next year it was \$1,308,000,000. The next year it was \$1,302,000,000. In 1929 it was \$1,244,000,000. In 1930 it dropped to \$659,000,000. Then for the 2 subsequent years,

namely, 1931 and 1932, it dropped to \$483,000,000 and \$424,000,000, respectively. In other words, more than a billion dollars, the aggregate of the foreign and domestic value, was wiped out of circulation amongst the producers of cotton.

Senators can begin to understand now why the general condition of the country is what it is. Every financier and banker here knows that the elimination of more than a billion dollars of actual money must have a tremendous effect. I do not mean the expansion of credit based upon the actual money, but we can understand the tremendous effect upon the general welfare of the elimination of a billion dollars in cash.

Mr. BARKLEY. Mr. President, may I interrupt the Senator?

Mr. SMITH. I yield.

Mr. BARKLEY. During the year 1919 the value of cotton was over \$2,000,000,000, and in 1929 it was over a billion. How did those values compare with the value of any other single crop grown in the United States?

Mr. SMITH. The figures are approximate, because the price of wheat and all other foodstuffs was abnormally high, but cotton maintained its proportionate value with wheat. Senators will remember the discussion in the Senate regarding wheat and cotton during the time when we were attempting to encourage the production of food crops.

Mr. McKELLAR. Mr. President, has the Senator the figures for the period subsequent to 1932, and will he state them in this connection?

Mr. SMITH. I will get them and put them into the RECORD. Up to 1914 the average income from cotton approximated a billion dollars. When we made the extreme bumper crop of 18,000,000 bales, the average price, in the old gold dollar, was 12.7 cents per pound. Today, with a like crop confronting us, a crop about a half a million bales larger, the average price is 7 cents a pound, \$27 a bale less, in spite of the fact that the value of our gold dollar has been decreased 40 percent.

I call these figures to the attention of this body for the particular reason that the loss of our foreign markets is one of the matters which should receive our attention, because the average income from the sale of our raw cotton abroad has averaged for a decade or more, more than \$750,000,000. That has shrunk until the income from the sale of our cotton abroad is now the pitiful figure of about \$260,000,000. We received foreign money in exchange for raw cotton up to 1929 approximating \$800,000,000. During one period we exported more than 11,000,000 bales of American cotton.

I want this body to consider what has brought about this absolute destruction of our foreign market. It was not caused by one circumstance alone, but by a combination of circumstances, and I think the situation is worthy of the attention of the Members of this body, in view of our long period of premiership in the production and sale of cotton and the tremendous benefits accruing therefrom to our people, giving employment to millions in America, and bringing in billions of dollars of foreign money.

The exports of cotton up to the present have exceeded the combined exports of all other agricultural commodities. A distressing condition now confronts the producers of cotton, to say nothing of the seed, which now is of a value equal to or exceeding that of the lint. Forty-odd standard commercial articles are made out of cottonseed alone, to an astounding aggregate value, yet little attention is paid to the cottonseed crop of America.

Mr. President, I have taken up considerable time in calling attention to the greatest money crop America produces. Shall we lose it? Shall we depend on domestic consumption, or shall we address ourselves to the recapture of the foreign market? Eighteen representatives of those using American cotton in foreign countries visited this country last year, and all of them testified that they had found no cotton produced in foreign countries, even from American seed, that compared with the American cotton in character and quality.

Mr. BANKHEAD. Mr. President, may I ask the Senator a question?

Mr. SMITH. Certainly.

Mr. BANKHEAD. The same representatives testified also, did they not, that the price of cotton here was not deterring them from buying American cotton?

Mr. SMITH. I thank the Senator from Alabama for calling my attention to that fact. They unanimously declared that the price of American cotton as compared with the price of the foreign cotton did not deter them from buying American cotton.

These are some of the answers to the propaganda that has gone abroad that we cannot put the price of American cotton above that of foreign cotton and hope to maintain our foreign market. If it is extreme, the price may be a factor, but it is not the compelling factor. I think perhaps it lies outside of the jurisdiction of the Committee on Agriculture and Forestry to meet that phase of this problem.

Mr. President, I ask Senators whether they do not consider worthy of consideration the loss in value of one crop of a billion dollars a year?

I now desire to make one other statement, and then I shall be through with this phase of the subject.

Wheat had reached parity, and gone above it, during the time we were trying to establish parity. Corn reached parity, and went above parity. Meat reached parity, and went above it. Tobacco approximated parity, and in a great many instances reached it. Cotton has never come within \$15 a bale of reaching parity. We have stored, insured, and financed the great surplus of cotton of which we were all afraid, and yet we were told that if we would reduce our crop to the current needs, or a little less, cotton would be held off the market until the price of our current production reached parity. But when the price reached a certain point, or before it reached it, the cotton was sold to the consumers upon whom we were dependent to put up the price, and in lieu of the actual spot cotton those who had put the cotton in the pool were given cotton futures. Those are historical facts.

Mr. AUSTIN. Mr. President, will the Senator yield to me for a question?

Mr. SMITH. I yield.

Mr. AUSTIN. Before the Senator leaves the subject of cotton I should like to have him explain a provision I find on page 9, beginning in line 3, which seems to put cotton in a special category.

I ask the Senator whether there is a reason, and if so, what it is, for making the law mandatory as to cotton, and optional as to all other agricultural commodities, in respect to loans. Perhaps I do not understand this clause. It ought to be understood.

Mr. SMITH. I think the Senator is under a misapprehension. With respect to loans and benefits all the commodities, except tobacco and rice, are practically on the same footing. I believe the producers of tobacco and rice have agreed that they will take soil-conservation compensation in lieu of loan benefits.

Mr. AUSTIN. Mr. President, will the Senator yield to me for another question?

Mr. SMITH. I yield.

Mr. AUSTIN. I observe that the language referred to is as follows:

The Corporation is directed to make available loans on cotton and may make loans available on rice, tobacco, and all other agricultural commodities other than wheat, corn, or cotton.

Can the Senator say that means that these commodities are all on the same basis?

Mr. SMITH. Yes. If the Senator will read the wheat and corn schedule on page 21 of the bill, he will find that it is worked out on a basis of percentages, and those commodities are treated as favorably as, or perhaps more favorably than, any other commodity. The committee thought the proper thing to do was to make mandatory provisions with respect to the commodities that were essential to the welfare of the country, namely, wheat, corn, and cotton.

Mr. AUSTIN. Then, Mr. President, why should not the bill be amended to provide that the Corporation is directed

to make available loans on cotton, wheat, and corn, in view of the fact that the Senator said wheat and corn are also to be included?

Mr. SMITH. The Commodity Credit Corporation is already authorized and directed to make similar loans on corn and wheat under their schedule, but with a little different requirement with respect to the farmers. As to corn and wheat, a contract is provided. The provision with respect to cotton is that action shall be mandatory after a two-thirds vote. With respect to the other two crops, the bill has provision for certain contracts, and when those contracts, which are enumerated in the provisions of the bill, shall have been signed the producers will receive loans such as are provided in the bill for cotton.

Mr. President, I desire to speak in behalf of the committee. Under the circumstances I think the committee has done the very best it could, because, under an agreement reached before the adjournment of the last session of Congress, we pledged ourselves in a joint resolution to have a bill ready when next we met. I did not think that was a wise thing for us to do, and now I know it was not.

Farm prices are the basis for any permanent prosperity in this country, and I believe the Congress and the legislatures of the States have sense enough to take a constructive permanent attitude toward agriculture, in justice and equity, so as to make it unnecessary every year to legislate for the farmer. We have left him out of our consideration of the tariff and have made him the victim of it. There is not a Senator here who will dispute that statement. We have made the farmer the victim of our tariff policy.

Mr. BORAH. Mr. President—

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Idaho?

Mr. SMITH. I yield.

Mr. BORAH. I should like to have a little further explanation from the Senator with respect to that statement. What does the Senator mean when he says the tariff policy has made the farmer a victim? I can understand that statement from the cotton grower's standpoint, but does the Senator include all farmers?

Mr. SMITH. Let me call the attention of the Senator from Idaho to the fact that we were called into extraordinary session at a time when wheat was in a desperate condition, and we provided for a tariff of, I think, 41 cents a bushel on wheat.

Mr. McKELLAR. Forty-two cents a bushel.

Mr. SMITH. Forty-two cents a bushel. Wheat promptly went down 42 cents a bushel. Why? Because the farmer had no power to fix his price and add his tariff benefit. There is not a wheat farmer or a cotton farmer in America, generally speaking, whoever sold a bushel of wheat or a pound of cotton; he delivered it, but he did not sell it. He delivered it at whatever price the trade was prepared to bid. He never has had any borrowing power. The Senator from Idaho knows that. He has had no reserve fund. He has had no organization with sufficient capital to enable him to withhold his product from the market until the tariff benefit was added to it.

Mr. President, I have thought that the Federal Government, in view of its obligations to those who produce the food and the clothing in raw form for the whole country, might, without too great a strain upon it, devise a plan by which the farmers could, with the assistance of a reserve fund, unite and demand their price as the law of supply and demand indicated. I think we can yet do it without violating the Constitution. We have adopted a policy of high protection, and after nearly 100 years of its application it has resulted in the impoverishment of the cotton farmers of the country and the prosperity of those who fabricate cotton garments. In justice to those who produce cotton for domestic consumption, I think they should be given a price for cotton consumed domestically which is equal to the prices they have to pay under the tariff.

Mr. President, I think I have now given a general statement as to this bill. I wish it had been possible to spend

more time on it, because I take it that the object of this proposed legislation is to make provision so that the producers, the farmers of this country, shall receive a reasonable profit on what they contribute to the welfare of the American public. I do not care what kind of bill it is, provided that it is just and equitable, and provided that it will guarantee the farmer a reasonable price for what he contributes compared to what he has to pay for the commodities he has to buy. Whether or not this bill, if enacted, will do that, I do not know.

There is one feature of the measure which confuses me, in view of the school of economics to which I belong, and that is the proposal to stop production in order to get rid of the surplus. I know that might be effective in the case of certain commodities, but when we have, as it is said, sixteen or seventeen million people who are underfed, underclothed, and underhoused, I do not see the force of the idea that production should be decreased. I think we might better make an appropriation to buy the surplus cotton, for instance, and let our mills convert it into clothing, so as to clothe those who are now underclothed; and to buy the surplus food to feed those who are underfed; and put them all to work in the mills to fabricate the crops which should be fabricated.

Mr. President, I am afraid I will say too much. I think the terms of the bill are now pretty generally understood.

Mr. PEPPER. Mr. President—

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Florida?

Mr. SMITH. I yield.

Mr. PEPPER. I observe in the first section of the bill that neither fruits nor vegetables are included in the crops which are to be included in this legislation. Was the vegetable crop purposely excluded, may I ask, in spite of the fact that it is estimated to have a value of three-quarters of a billion dollars a year?

Mr. SMITH. No; I think that the committee left those crops to whatever action the Secretary of Agriculture and his board of advisers may determine to be necessary in order to take care of them. They get their benefits under the Soil Conservation Act; they are provided for in that act, but not in this one. This is ostensibly a parity pay act. The Soil Conservation Act remunerates all producers to whom the Senator refers.

Mr. PEPPER. Mr. President, may I ask one further question?

Mr. SMITH. I yield.

Mr. PEPPER. Is it not a fact that the farm problem is essentially the same with respect to every crop? I mean that those who produce vegetables are subject to the same kind of hazards as are the cotton farmers, the corn farmers, and the tobacco farmers. The producers of every substantial agricultural commodity are in practically the same hazardous condition, are they not?

Mr. SMITH. Yes; but the Senator recognizes that vegetable crops are very perishable and they have got to be rapidly disposed of.

Mr. PEPPER. That would indicate that the necessity is all the greater that some protection be afforded such crops.

Mr. SMITH. But the size of the crop has a good deal to do with it. We have, however, the Soil Conservation Act and the Marketing Agreement Act, which was passed at the last session of Congress, and which I think adequate to take care of the perishable commodities.

Mr. PEPPER. Mr. President, if the Senator will pardon one further inquiry, of course, the Soil Conservation Act does nothing to safeguard the vegetable producer against the hazards of Nature, which may repeatedly destroy his crop in a single season, does it?

Mr. SMITH. It does not in any of these instances, because I know in a great section of the country right now the entire crop has been destroyed by hail.

Mr. PEPPER. If we are trying to provide security for the farmer, why should not the farm program attack the problem of every kind of insecurity?

Mr. SCHWELLENBACH. Mr. President, will the Senator from South Carolina yield to me?

Mr. SMITH. I yield.

Mr. SCHWELLENBACH. In the time of the Senator from South Carolina, may I point out to the Senator from Florida that, so far as this body is concerned, we certainly took a constructive step, and the only possible step along that line, when we passed the wheat crop insurance bill last year, with the understanding that it would be passed by the other branch of Congress, and that, after a short period of experiment with the wheat crop, then it would be applied to other crops? That bill was passed by this body, I think, in February or March of this year, but no action has been taken by the other House of Congress. This particular bill is an ever-normal-granary bill. It cannot deal with the problem of fruits and vegetables, for they cannot be stored; loans cannot be made upon them over a period of several years for the purpose of storage, as is contemplated in the pending bill for products which are covered by it.

Mr. PEPPER. May I address an inquiry to the Senator from Washington?

Mr. SMITH. I yield.

Mr. PEPPER. Is this, then, merely an ever-normal-granary bill? I thought it was a bill for the relief of agriculture, and whatever is necessary for permanent relief of agriculture I thought was to be within the scope of this bill. Why do we limit it in the very beginning to only a partial possible relief of agriculture?

Mr. SCHWELLENBACH. Mr. President, will the Senator from South Carolina yield?

Mr. SMITH. I yield.

Mr. SCHWELLENBACH. As parts of the program there have been and are various pieces of legislation on the statute books. There is the 1935 Marketing Act, of which, if the farmers who produce certain commodities want to take advantage, they are entitled to do so. There is the soil-conservation program. There was, we thought in the beginning of this year, the crop-insurance program. It has not been possible to get action on that as yet. The pending bill, it is true, covers only certain commodities. It embraces the ever-normal-granary theory and applies to those commodities which fit into the ever-normal-granary theory.

I am not able to agree that it is our obligation to take care of all who are engaged in agriculture, and I do not think the Senator means to infer that the committee has not done its full duty in connection with this bill. I do not think the Senator, in a spirit of fairness, will leave that inference, because the measure is only part of a general program.

Mr. SMITH. May I call the Senator's attention to the fact that the Marketing Act was reenacted last year? The farmers referred to by the Senator from Florida have access to the Soil Conservation Act, which those representing two of the commodities covered by this bill, namely, tobacco and rice, have elected to use rather than provisions as to parity payments. As the Senator from Washington says, this bill is part of a general whole. Laws have been enacted antecedent to this time which we hope will take care of other crops.

Mr. PEPPER. Mr. President, I am glad, if there was any possible misinterpretation of my statement, that the Senator from Washington should undertake to correct it, because I have no desire to impugn in any way the action of the committee. I know it has been faithful and has done excellent work. I am not a very expert farmer, but I have a very strong conviction that many times in our history the agricultural problem has been attacked piecemeal. We have done a little now, done a little then, and done a little at another time. I should like to have this legislation make a beginning upon the fundamental problems of agriculture. I should like to have this bill approach the subject from the viewpoint of attacking the fundamentals. I think it is admitted that those fundamentals, in the first place, apply to all crops, for the Soil Conservation Act does not protect the tomato grower in south Florida, who has to plant his crops at two or three different times, and if he grows a crop he

must compete in a glutted market, and who has no protection, first, against the hazards of nature, and, second, against the fluctuations of the market that are attributable to glutting it.

I want, therefore, this program, if it may be done, to approach the problem from a fundamental point of view, and, as far as we go, let us do something to afford permanent relief in all branches of agriculture.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. SMITH. I yield to the Senator from Washington.

Mr. SCHWELLENBACH. I should like to submit a question to the Senator from Florida. He has indicated now, as he indicated earlier in the year, his interest in extending crop insurance to fruits, vegetables, and other crops.

Mr. PEPPER. That is correct.

Mr. SCHWELLENBACH. I think we must make some assumption that the fact that the other branch of Congress has not passed upon the crop-insurance bill over a period of some 8 or 9 months indicates that the crop-insurance bill is difficult of passage in the other House. I do not say it is a positive indication, but it is an indication in that direction. Would the Senator from Florida want us to endanger this bill, with the protection that it affords to the agricultural products named, by adding to it a provision which we must assume would be deemed undesirable by the other branch of Congress?

Mr. PEPPER. Mr. President, will the Senator from South Carolina yield to me to reply to that inquiry?

Mr. SMITH. I yield.

Mr. PEPPER. In the first place, I think that the inference the Senator from Washington draws about the inaction of the other House is not altogether justified. The crop-insurance bill, which the able Senator from Idaho [Mr. POPE] so well inaugurated at the last session, was not presented at a session devoted primarily to the farm problem. It was the genius and initiative of the Senator from Idaho that brought that bill before the Congress at the last session. So the other House, by virtue of not having taken up that splendid bill and passing it, has, perhaps, not declared itself affirmatively on the question as to farm relief.

But now we see that the concern of Congress at this time is farm relief. I wish all of us would concur in the sentiment of the Senator from Idaho that we should take up and consider the fundamental principles of farm relief and give the farmer some kind of security in the way of a permanent farm relief measure. That would go a long way toward the solution of the agricultural problem. Can we justify ourselves in failing to make a comprehensive study and endeavoring to make a comprehensive solution of the problem? At least let us try to approach it from the standpoint of the fundamental principles involved to the end that we may accomplish something of lasting benefit to the farmer. If we have to make compromises we will be prepared to do so, but let us not in the very beginning quit trying to write a real, broad, comprehensive farm relief bill—

Mr. POPE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Idaho?

Mr. SMITH. I yield.

Mr. POPE. I desire to say with reference to the matter of crop insurance that in all the hearings held in the West, Middle West, and Northeast I think there were more witnesses who testified in favor of crop insurance than in favor of the pending bill or any other measure. There are many farm organizations, which are not going along unanimously in support of the pending measure, which do unanimously support, so far as we can learn, a crop-insurance program.

I wish the Members of the House might realize as fully as do the Members of the Senate committee the widespread approval of the crop-insurance program. I think I am safe in saying that it is a more sound and more fundamental approach to the problem of the ever-normal granary than the approach made in the bill which we are now considering. It might be that when we have tried out crop insurance as

applied to wheat then a plan may be worked out for fruit and vegetables which will also make that fundamental approach. That is still my earnest hope.

Mr. BONE. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Washington?

Mr. SMITH. I yield.

Mr. BONE. The Senator has had long experience in the study of agricultural problems. In his experience on the committee has there ever been a declaration of the possibility of some sort of cooperative marketing organization, not of a voluntary character, but something set up under the formula laid down by the Congress?

I ask this question because the Senator suggested, and I wholly agree with him that the farmer has no control over his marketing. It has seemed to me over the years, in view of the helplessness of the farmer, that the only way we could ever satisfactorily do anything of that kind would be under Government control and supervision so that the farmer would not be in such a position that he could be rooked by forces over which he has no control. I wonder if that theory or idea has ever been explored by the committee over which the Senator from South Carolina presides?

Mr. SMITH. I do not want to take up the time of the Senate unduly, but I have been convinced through my long years of experience that until we establish a system of financing—banking, if you please—adapted to the radical difference between natural production and artificial production, namely, between agriculture and industry—until we have a system adapted to that radical difference and so long as we leave the banks of the country dependent upon the necessity of commercial paper for quick liquid assets, we will never solve the problem.

Mr. BONE. I take it any sort of marketing agreement of a semivoluntary character, although operating under some form of law, would have to carry with it naturally some form of crop control, so that the farmer would not be at liberty to raise a thousand units of a crop when only 500 units could be sold. It seems to me some form of public aid or control, or control and aid, might solve the problem.

Mr. SMITH. There should be some organization standing as a marketing agency for the farmer rather than to leave him individually to market his crops.

Mr. BONE. That is the point. He should not be left wholly at the mercy of private organizations which have only one impulse, however decent, and that is to make money. They have to make their money out of the farmer. I know in the fruit business in the Northwest one of the great complaints is that, while the farmer receives a frightfully low price for his commodity, it is sold around the country for extremely high prices, which fact can be explained away only in part by freight rates. That is a situation which ultimately we are going to have to face very realistically—how we can help the farmer by setting up some kind of sales organization over which he will have some control.

Mr. DAVIS. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. DAVIS. Can the Senator give the approximate cost which will be involved in carrying out the provisions of the pending bill?

Mr. SMITH. That question was discussed freely and exhaustively. The committee thought, without committing itself to any rigid amount—it was understood there would be only \$500,000,000 available—that by dividing it up, allotting, say, 50 percent to parity or benefit payment plans, to be used for soil-conservation purposes, a good start might be made. It was indicated in the committee that some other funds might be available, but we all agreed to put the responsibility of financing the project where it belongs—in those committees that perhaps will realize the necessity for aid to agriculture. If in their opinion \$500,000,000 is all that is necessary or that, under the distressed condition of our finances just now, we cannot afford to spend any more for that purpose, it will be for them to decide. We have done

our duty in using the ordinary language which we have incorporated in the bill.

Mr. COPELAND and Mr. AUSTIN addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from South Carolina yield; and if so, to whom?

Mr. SMITH. The Senator from New York [Mr. COPELAND] has been on his feet some little time seeking to interrupt me. I shall yield first to him, and then I shall be glad to yield to the Senator from Vermont.

Mr. COPELAND. If the chairman of the committee will permit me to do so, I should like to ask two or three questions. In his preliminary remarks he spoke about some of the funds to be used for soil conservation. I assume the Senator means by that that the appropriation which is now available for that purpose is not sufficient? It now amounts to about \$500,000,000, does it not?

Mr. SMITH. Yes; though part of that could be used for the same purpose, but applied to parity rather than to reimbursing the farmer for his soil conservation.

Mr. COPELAND. I am not quite clear as to the answer. Does the Senator mean that the money now appropriated for one purpose under the soil-conservation program will be used under the terms of this bill for another purpose?

Mr. SMITH. Yes; but in its application it will have the same practical effect—a reduction of production, and a conservation of the soil. We concluded it would result in not making double payments for the same purposes, and those who do not produce any of these crops but divert a part of their land to building up and conservation of the soil will receive the same benefit payments as heretofore.

Mr. COPELAND. If the Senator from Vermont [Mr. AUSTIN] will bear with me, I have two or three further questions I want to ask the Senator from South Carolina.

Does the Senator from South Carolina consider that the farmer is now in a worse financial condition today than he has been for a long time?

Mr. SMITH. I can only answer for the cotton farmer. As to him, I think, without question and without doubt right now, this good day, he is in a worse condition than he has been in a decade or more.

Mr. COPELAND. That is a very interesting statement.

Mr. SMITH. Let me explain. He was in debt in the beginning. He was more or less in debt before the crash of 1929. The subsequent horrible years of the depression put him still deeper in debt. He managed to exist because the price of the things he had to buy during the depression was in a way on a parity with that which he sold. This year, however, the price of the articles he has had to buy has gone out of all reason in proportion to the price of the thing he had with which to buy them. If you will compare the index price of meat and groceries in general and the implements the farmer has to use with which to plow, and so forth, with the index price of the farmer's cotton, you will find that he is in a worse fix than he has been in heretofore during my memory.

Mr. BAILEY. Mr. President, in response to the Senator's inquiry, I should like to suggest that whereas other farmers, and perhaps a great many other persons, have had the benefit of 3 or 4 years of what we call parity prices, the cotton farmer has not come within 25 percent of such a price.

Mr. SMITH. He has not come within \$25 a bale of it.

Mr. BAILEY. The parity price was about 16½ cents. My recollection is that for a little while cotton did go above 13 cents; but the average price of cotton in this period has been about 10 to 11 cents.

Mr. SMITH. That is correct.

Mr. COPELAND. I take it, however, that this bill is more than a cotton bill. It is a bill for general agricultural relief.

Mr. SMITH. If the Senator will study the bill, he will find that in the case of all the commodities named there is as near fair treatment as it was possible to bring about. There was complaint that cotton was discriminated against. I think I am right in that; but when it was all ironed out wheat, cotton, corn, tobacco, and rice have all been treated as nearly equally as it was humanly possible to do.

Mr. COPELAND. If the Senator will permit me, I should like to press the question a little further, for I am seeking information. I have voted, I think, for every farm bill in the past. I should like to be convinced that I should vote for this one; but I remember that in the old days we used to make speeches here in which we talked about the income of the farmer as being seven and a half billion dollars. Now, I find that in 1934 the net farm income had dropped to \$6,681,000,000, but in 1935 the net farm income had increased to \$8,000,000,000; in 1936 the net farm income was \$9,050,000,000; and for 1937 the Government estimate is \$10,000,000,000.

Mr. SMITH. Yes; but what was the normal?

Mr. COPELAND. Before the Senator answers, let me say that I find further that the Bureau of Agricultural Economics states that in 1937 the farmers, by reason of this great increase in their receipts, will have "the greatest purchasing power since 1919."

As a layman, but as a layman representing an agricultural State—because my State stands eighth in agriculture—I am eager to know about these figures. I am eager to know why it is necessary for this session of Congress to appropriate more money, when at the present time 80 percent of the farmers of the United States—4,000,000 of them—are receiving an average of \$136 apiece, cash money, and the Government figures show that the farm income is 25 percent above what used to be called normal, and that the purchasing power of the farmer today is greater than it has been since 1919.

I present these matters to the Senator in order that I may be enlightened.

Mr. SMITH. The Senator's figures are incorrect. I have here the agricultural statistics for 1937, and from 1924 to 1929. The average farm income from 1924 to 1929 was more than \$10,000,000,000 per year. In 1929 it crashed to \$8,000,000,000; the next year to 5; the next year to 4. The next year it was 4 and the next year 5. In 1935 it reached \$6,000,000,000, and in 1936 it rose to \$7,000,000,000, but in 1936 it was still \$3,000,000,000 less than normal.

Mr. COPELAND. How does the Senator explain the statement of the Bureau of Agricultural Economics that the income of the farmers this year gives them "the greatest purchasing power since 1919"?

Mr. SMITH. Mr. President, sometimes I think we ought to deal with facts rather than statistics. I desire to call the attention of the Senator to an incident that occurred last night. A great economist was in my office, and he spoke about the amount of money per capita in circulation. He stated the figure. I said, "If 50 percent of the people owned 80 percent or 90 percent of the money in circulation, and the other 50 percent owned the miserable fractional balance, and you should add them all up and divide the total amount by the number, you would get that result, but some of them would not have more than 50 cents in their pockets." So I suspect that the extraordinarily high price of wheat, the high price of corn and the high price of meat may account for the aggregate income, but that does not prove that other commodities were in a like condition. That is the reason why, in the committee, I insisted that we differentiate between parity price on the unit of a given commodity and what we called farmers' income, and I think I succeeded in having it intelligently incorporated in the bill.

Mr. COPELAND. If the Senator will bear with me, I assume that the purpose of the bill is to raise the prices of farm products, is it not?

Mr. SMITH. It is the purpose to raise them wherever they are under parity.

Mr. COPELAND. And, of course, that will mean that the higher farm prices will be reflected in higher prices to the consumer.

Mr. SMITH. Mr. President, I do not think the Senator from New York would insist that those who feed him and furnish the material out of which he is clothed should do so at the expense of bringing poverty to themselves, but that he wishes to have those things furnished at such a price that

the producer may enjoy whatever income he receives and lay by something.

Mr. COPELAND. As I understand the Senator, he concedes that the purpose of the bill is to raise prices. Like Will Rogers, I do not know anything except what I read in the newspapers; and a couple of days ago I read that the President of the United States had instructed the Federal Trade Commission to make an examination of the question why it is that food costs are so high. If this bill passes, I suppose later we shall have another investigation to find why food costs are so much higher than they were when the first investigation was ordered, because it is inevitable that a bill of this sort will increase the cost of essential foods to the consumer. It will be reflected in the price of bread and in the price of other articles.

Mr. SMITH. Mr. President, the Senator from New York knows that the spread between the price which the farmer receives and the price which the ultimate consumer pays has been a matter of discussion on this floor since a long time before the Senator came here. The price which the farmer receives may be a bankrupt price, and yet the price of the commodity to the consumer may be out of all relation and proportion. All we are seeking to do is to see that the farmer shall receive, as nearly as may be, a price that will give him the same purchasing power for what he sells as the purchasing power of the very fabricator about whom the Senator is talking, namely, the fabricator of the prepared food. That is all we are seeking.

Mr. COPELAND. Mr. President, one last comment, and then I shall retire from the floor.

This matter, however, is of concern not alone to the consumers but, for example, to the retail merchants, and to the small bakers. It makes a vast difference in the sale of bread and in the consumption of bread whether the price is 10 cents a loaf or 7 cents a loaf; and if the bill contemplates a form of legislation which will still further increase the cost of living, it is a matter of concern to every citizen of the city in which I live, and it is a matter of concern to every farmer in the State where I live, because the prices of the things he buys will be increased.

Mr. SMITH. Mr. President, these questions always arise; and, so far as the farmer is concerned, if the consumer complains, the cry is, "Take it out of the farmer!" I said the farmer never sold anything, and he does not. I dare any farmer producing any one of these articles to state that he ever sold a bushel of rice, or a bushel of corn, or a bushel of wheat, or a pound of cotton. He delivered it, but he did not sell it. We are trying to provide some way by which we can help him sell, and we want to be fair and just.

Mr. COPELAND. Mr. President, I ask that the letter which I send to the desk be inserted in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

BUFFALO MASTER BAKERS' ASSOCIATION, INC.,
Buffalo, N. Y., November 20, 1937.

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D. C.

MY DEAR SENATOR: This association has written to you many times since the administration passed its first processing-tax law in 1933, under the guise of "farm relief," protesting against the imposition of such a tax on bread, the main food of our citizens, as well as the operations of the act, which was marked by rank injustice against the retail baker.

If you will look through your correspondence, you will find that our last complaint to you was that Congress penalized the retail baker by making it impossible for those who bought flour on oral orders to receive refunds illegally and unconstitutionally collected from them.

Now, we notice that another "farm relief" measure is before Congress in a year paradoxically enough when farmers are enjoying the best year in seven, while retail bakers are having a difficult time to make expenses because of higher ingredient and tax costs. This new "farm relief," as dispatches indicate, will take the form of processing tax at the rate of 20 cents a bushel on wheat, or about \$1 per barrel more on flour, and the money will be doled out to farmers who take fertile lands out of cultivation under rules prescribed by the Department of Agriculture.

We desire to protest against a renewal of a tax on bread, hidden or otherwise. We do not believe any of your constituents would knowingly favor such a bread tax.

We would like to learn your views on this proposed legislation. If you favor such a tax, kindly give us your reasons, fully and frankly.

If you do not favor such a tax on bread, will you kindly tell us what you propose to do about this proposed law?

Yours very truly,

W. A. STELLER, *Secretary.*

Mr. SMITH. I now yield to the Senator from Vermont.

Mr. AUSTIN. Mr. President, what interpretation does the learned Senator from South Carolina place upon section (b), on pages 18 and 19, which reads as follows?—

(b) Adjustment contracts shall require cooperators engaged in the production of wheat or corn for market to divert from the production of the commodity during any marketing year the percentage of the soil-depleting base acreage for the commodity proclaimed by the Secretary under this section. Such contracts shall further provide that such cooperator shall engage in such soil-maintenance, soil-building, and dairy practices with respect to his soil-depleting base acreage diverted from the production of the commodity as shall be provided in his adjustment contract.

I should like to know how the learned Senator interprets that provision, especially with respect to that interest upon which, as he knows, the State of Vermont is so dependent, namely, the dairy interest.

Mr. SMITH. I should like to have the Senator from Idaho [Mr. POPE] explain that provision. Before the question is answered, however, I ask that when we start with the consideration of the bill it shall be read for amendment.

The PRESIDING OFFICER (Mr. ELLENDER in the chair). Is there objection?

Mr. McNARY. Mr. President, under the rule the bill must be read three times. Ordinarily it is considered as having been read twice when it is read by title. The bill before us has not been read in its text in any fashion whatsoever. It has been changed from day to day. What was the text of the bill on Thursday was the substance of the bill on Friday, and what was the substance on Friday was an amendment on Saturday. Just what happened on Sunday, I do not know.

Mr. President, there is no report on the bill. I shall not invoke a plain rule which I could invoke and have the bill go over, but I desire to be fair in the matter. There are no printed hearings on the bill. Indeed, there were no hearings had on the bill. The bill before us is entirely and wholly different from the bill studied by the committee in its inspection and journeys about the country.

I find as much difficulty with the text of the bill as I do with the amendments. I do not recognize any difference between text and amendments. The whole thing is complex and confusing. If we should start reading the amendments we would be following the practice which usually obtains with regard to appropriation bills. We are all familiar with the appropriation bills, and when an amendment is offered the usual practice is to ask that the reading of the bill be suspended pending the consideration of the amendment. But this bill has never been before the Senate, there is no report accompanying it, there are no printed hearings on the bill, it is new matter, confused and confounded matter, and from my study I am unable to determine what is the text and what are amendments. So I ask that the bill be read, under the rule, in toto, in extenso, the third time.

Mr. BORAH. Mr. President, I desire to ask the Senator in charge of the bill what the program is to be with reference to proceeding with the measure. Those of us who are not on the committee have not had very much opportunity to examine the bill or to examine any report of hearings which were held during the autumn. Nor have we up to this time had the report. I understand perfectly the conditions under which the committee has been laboring, and I am by no means undertaking to criticize. But there is the necessity upon the part of some of us to have a little time to familiarize ourselves with the text of the bill and with the report; and, of course, we would like to have some time to examine the hearings, if we could, but I do not suppose that is possible. Perhaps we will have to waive that, in view of the circumstances. I hope the measure is not to be rushed to a

conclusion without an opportunity upon the part of those who are not members of the committee to read the bill and the report.

Mr. SMITH. The Senator from Idaho knows the conditions under which we have been working.

Mr. BORAH. Yes; I am familiar with that situation.

Mr. SMITH. We have tried to hurry the printing of the hearings incident to our itinerary. I asked four members of the committee to collaborate and bring in a report setting forth as clearly and as concisely as might be the intent and purpose of the bill.

Mr. MCGILL. Mr. President, if the Senator will yield, I was designated to write a part of the report. I dictated a portion of it this morning, but I did not receive the bill as printed, after it was ordered reported by the committee, until about 11 o'clock today. It has been virtually impossible for me to prepare a report on title I since that time, considering other matters to which I had to attend this morning. I shall do my utmost to get a report ready promptly, so far as my part is concerned, but I doubt whether it can be done before some time tomorrow.

Mr. McNARY. Mr. President, may I ask what part of the bill the able Senator is reporting on?

Mr. MCGILL. I was working on title I, the wheat and corn section. The Senator from Alabama [Mr. BANKHEAD], the Senator from Louisiana [Mr. ELLENDER], and others were called on to prepare reports with reference to other titles of the bill. I do not know what progress they have made.

Mr. POPE. Mr. President, I had intended to proceed with a discussion of the bill following the Senator from South Carolina. I expected, however, to discuss the provisions of the bill generally, rather than enter into a detailed discussion of every paragraph and sentence of the bill. If the Senator from Oregon desires to have the entire bill read, it seems to me it would be advisable to have that done, and then for the Senate to take a recess until tomorrow, and in the meantime we would have opportunity to prepare carefully as to every provision of the bill.

I am familiar with all the provisions of the original bill, but amendments were made, and it was only this morning that we received copies of the printed bill as amended. I think it would be more satisfactory to the Senate if whoever undertakes to explain the detailed provisions of the bill should have, say, until tomorrow morning to prepare. There are general matters in connection with the bill which might be properly discussed now, and it was my intention to undertake to do that following the Senator from South Carolina. But so far as the detailed discussion of the bill itself is concerned, I think it would be much more satisfactory to wait until tomorrow.

Mr. BORAH. Mr. President, I may say to my colleague that I think the suggestion which has been made is proper, because those of us who are not familiar with the bill and who know nothing about the changes have some difficulty in following the discussion effectively, and without any desire in the world to delay consideration of the bill, I should like to have some further time.

Mr. SMITH. Mr. President, in reply I wish to state that I think those who desire to read the bill and such hearings as are available should be given a reasonable time to do so, because in my long experience in the Senate I never knew a situation with regard to a very important matter to be like that with which we are now confronted.

Mr. AUSTIN. Mr. President—

The PRESIDING OFFICER (Mr. GILLETTE in the chair). Does the Senator from South Carolina yield to the Senator from Vermont?

Mr. SMITH. I yield.

Mr. AUSTIN. Mr. President, I desire to propound a parliamentary inquiry, only for the purpose of bringing out my own position.

The PRESIDING OFFICER. The Senator will state it.

Mr. AUSTIN. A short time ago I asked the Senator from South Carolina to yield for a question. He yielded and I

propounded a question. Thereupon he made a request which seemed to cut off my question without any answer. I am not asking for any technical advantage, or anything of the kind; I am asking for practical reasons, and I should like to know where this thing comes out. Somewhere in the RECORD I should like to have that incident closed in regular form. I do not care whether it is closed by an answer from the Senator from South Carolina or an answer from some other Senator to whom he yields. I do not care whether the answer is made on the floor of the Senate today or whether it appears in a fair explanation in the report, about which we have heard something, but I should like to know in what position my interrogatory stands at the present time.

Mr. POPE. Mr. President, if the Senator from South Carolina will yield, I think the question can be answered now. The Senator knows that in the soil-conservation program there are two types of payments made for different services. Class 1 payments are those made for diverting acres from a soil-depleting base to a soil-conserving base. Class 2 payments have been made for general soil-conservation practices. For instance, under the Soil Conservation Act, with reference to certain lands the class 1 payments are now, I understand, \$3 or \$3.50 per acre. Class 2 payments amount to 70 cents an acre. Soil-conservation practices include various things, such as proper fertilization, certain types of terracing, and handling dairy stock in a certain way on the lands. So in connection with the particular paragraph which the Senator read—

Such contracts shall further provide that such cooperator shall engage in such soil-maintenance, soil-building, and dairy practices with respect to the soil-depleting base acreage diverted from the production of the commodity, as shall be provided in his adjustment contract—

"dairying," used in that sense, merely means placing the stock for a certain period of time, perhaps, on a given acreage, so that the lands may be improved in that way; and it means nothing more, as I understand.

Mr. AUSTIN. Mr. President, I thank the Senator from Idaho for his clear explanation of one phase of the question, and a phase in which I am very much interested and should like to promote. I am not rising to object, but rather to have the question clarified in my mind. It is more important, it seems to me, than the soil-erosion element of this clause.

This section is not compulsory on the producer of dairy products. It is compulsory on an entirely different class of farmer, the producer of wheat or corn; and, as I interpret it, according to the natural meaning of the words, it is compulsory upon him that he shall pursue such dairy practices as the Corporation shall lay down for him in the contract to which he subscribes.

We of the States where our cattle population exceeds the human population are very much interested to know whether Congress is saying to this Corporation that it may increase the dairy population of States that now produce wheat and corn principally, but which apparently are being induced to turn into pastures their land which was formerly devoted to wheat and corn. That is the natural interpretation of this section, and we are very much concerned in that question, because we do not want a repetition of what occurred with respect to potatoes. We do not want to find that men who are diverting their corn land are induced, by benefits paid to them by Uncle Sam, to increase their cattle population, and increase the difficulties of producers of dairy products, which are already almost insuperable.

The PRESIDING OFFICER. The Senator from Vermont a short while ago addressed a parliamentary inquiry to the Chair. Does he still desire an answer, or does he waive it?

Mr. AUSTIN. Mr. President, I am entirely content with the situation.

Mr. VANDENBERG. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Michigan?

Mr. SMITH. I yield.

Mr. VANDENBERG. I should like to ask the Senator from South Carolina if he has not already covered the matter, what this bill will cost.

Mr. SMITH. Mr. President, the committee did not know. It was indicated that a certain amount would be available. We did not know whether or not that amount would be adequate. Therefore, in view of the tremendous interests involved in this question of agriculture, in view of its national importance, we wrote in the ordinary expression which we find in most bills proposing continuous operation, that the amount necessary for the administration of the bill is hereby authorized. We did try to apportion what was already available to certain features of the bill. However, as to the ultimate cost, we do not know. I thought, and I now think, that an effort to benefit agriculture ought not arbitrarily to be limited.

Mr. VANDENBERG. Mr. President, that is a very noble sentiment, to which I might subscribe. I should also say that a Member of the Senate can scarcely vote intelligently upon this bill, under the language on page 78, when he does not know what he is authorizing except "such sums as are necessary." "As are necessary" for what? The bill does not even say "for the purposes of this act."

Mr. SMITH. Oh, yes, it does!

Mr. VANDENBERG. I call attention to page 78, line 16. The authorization is for "such sums as are necessary." What sums are necessary? Is it a billion dollars or \$2,000,000,000?

Mr. SMITH. The Senator has read it wrong.

* * * for each fiscal year for the administration of this act and for the making of Soil Conservation Act payments and parity payments under this act such sums as are necessary.

It is a little inverted.

Mr. VANDENBERG. Yes; I think that is a mild definition.

Mr. SMITH. It provides:

There is hereby authorized to be appropriated, for each fiscal year * * * such sums as are necessary.

Mr. VANDENBERG. Well, now, what sums are necessary?

Mr. SMITH. My good God! If we had known that, we should have said so. We do not know, and you do not know.

Mr. VANDENBERG. No; I do not, and I am trying to find out.

Mr. SMITH. Exactly; and when you passed the T. V. A. Act and other acts you had in them identically the same language.

Mr. VANDENBERG. The Senator need not shake his gory locks at me. I did not pass them.

Mr. SMITH. I am talking about this body.

Mr. McNARY rose.

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Oregon?

Mr. VANDENBERG. Mr. President, may I proceed? I want a little more information.

Are there any estimates as to how much is necessary? Is it \$1,000,000,000 or \$50,000,000,000?

Mr. SMITH. We have left that to the Appropriations Committee.

Mr. VANDENBERG. The Appropriations Committee cannot make estimates respecting parity payments or anything of that sort. All they can do is to find out where to get the money.

Mr. SMITH. It is on a sliding scale.

Mr. VANDENBERG. Which way is it going to slide?

Mr. SMITH. I hope it will slide down.

Mr. VANDENBERG. Does the Senator mean that his committee has absolutely no conception of a figure to which this language applies?

Mr. SMITH. Not until there shall have been made evident the amount of a given crop that is to be considered. That is, we provided for each fiscal year. Application of the provisions of the bill may be needed or may not be needed at all. Conditions may develop which will make all the prices approximately on parity, and we may not need to make use of any of the provisions of the bill. A year may come when part of the crop will need an appropriation and

other parts will not need it. So we have left it as we ought to have left it, for all those concerned—the Appropriations Committee, the Bureau of the Budget, and the Committee on Agriculture and Forestry—to meet at the proper time and do the thing that has been done heretofore in connection with every bill of this nature.

Mr. VANDENBERG. The mere fact that it has been done in connection with other bills that might be equally scandalous is no justification for doing it again.

Mr. SMITH. Mr. President, does not the Senator from Michigan see—

Mr. VANDENBERG. I am afraid not.

Mr. SMITH. There is a difference between seeing and wanting to see.

Mr. VANDENBERG. I should love to know—

Mr. SMITH. Does the Senator want to see?

Mr. VANDENBERG. I want to know whether this bill will cost a billion dollars or \$5,000,000,000. Can the Senator tell me?

Mr. SMITH. We cannot tell until the condition in any particular year is known, and the need for the appropriation. As I said, we cannot know whether the price of wheat, or the price of corn, or the price of cotton, will or will not approximate the objective of this legislation. Prices may vary so as to call for varying amounts.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. CONNALLY. If the Senator from Michigan will tell the Senator from South Carolina that he knows when it is going to rain, and when the sun is going to shine, and when we are going to have a drought—

Mr. VANDENBERG. Or when we are going to have a balanced Budget.

Mr. CONNALLY. The Senator now shows that he is politically interested in the bill. The Budget has nothing to do with the matter under consideration at the moment.

Mr. McNARY. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Oregon?

Mr. SMITH. I yield if the Senator from Michigan is through.

Mr. VANDENBERG. May I ask one further question? Are there any ranges that the Senator can give us as being the minimum and maximum?

Mr. SMITH. Oh, yes, there are.

Mr. McNARY. I think I can answer that question, Mr. President.

Mr. VANDENBERG. I shall be very happy if someone can.

Mr. McNARY. The Senate, of course, understands that the estimate is nebulous. No one can specify the amount of the cost. Much depends upon whether parity prices are paid, parity income received, and upon the current price level of the various commodities. But Mr. Tolley, who is to administer this bill and who is now administering the Soil Conservation Act, stated, either to the committee or to a group of Senators, that, in his opinion, it would cost \$275,000,000 in excess of the soil-conservation benefit payments, which are \$500,000,000. That would make a total of \$750,000,000. There are others, such as my dear friend from North Dakota [Mr. FRAZIER], who think the cost will exceed a billion dollars. In my judgment, it will be somewhere between \$750,000,000 and \$1,000,000,000. Those are statements which were made before the Senate committee.

Mr. SMITH. Mr. President, the committee thought that those having in charge the administration of this bill, when enacted, would take all the circumstances into consideration and send an estimate to the Budget Bureau based upon the necessities of the case. That is done all the time. Then it is up to the Budget Bureau to say how much may be utilized for the purposes of the act. Until the administrators and executives of this bill, when enacted, get together and formulate their estimates it is impossible for us to suggest a definite sum; and that is not really the function of the Committee on Agriculture and Forestry. We charge the Department with

the administration of the law, and they will take all the elements into consideration and will submit their estimates to the Budget Bureau.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. SMITH. Yes.

Mr. BARKLEY. As I understand, this bill is an effort to write a permanent agricultural policy, depending, of course, upon the power of the Congress in the future to modify or repeal it. If it is to be regarded as permanent law on the subject, it will be manifestly impossible either to appropriate or to authorize in this bill a definite sum to apply to all the years in the future, when the amount needed will fluctuate according to conditions. There is no difference in that respect between the procedure under this measure and that pursued by the Departments, which from year to year estimate what they are going to need for the ensuing year.

Mr. SMITH. Even in this year certain crops mature at a certain time and others later on.

Mr. BARKLEY. It might not be necessary to have the whole amount available at any one time even in a given year.

Mr. SMITH. Precisely.

Mr. BARKLEY. Let me ask the Senator another question. It has been generally asserted that the amount available under the Soil Conservation Act was \$500,000,000, subject to a possible contingent additional sum of \$125,000,000, making \$625,000,000. Is that practically an accurate statement of the present financial situation?

Mr. SMITH. It is.

Mr. President, the Senator from Oregon [Mr. McNARY] has asked that the bill be read. As that request has been made, I think it might be very well, at the conclusion of the reading of the bill, if any Senator shall desire to discuss it in general, that that be done, and then that the Senate take a recess until tomorrow, at which time I hope the report on the bill will be ready. I tried to appoint a sufficient number of Senators who were more or less conversant with the bill to collaborate and have the report ready today, but it was impossible for them to do so, in view of the fact that the printers did not get the bill to us until just before the Senate convened. If it is agreeable, I hope that, at the conclusion of the reading of the bill and such speech or speeches as it may be desired to make, the Senate may take a recess.

Mr. BARKLEY. Mr. President, in that connection, I myself think it a good idea to have the bill read. I am sure the Members of the Senate are all interested in hearing it read, and we can then all hear it read simultaneously and be saved from having to read it separately after we go to our offices, with the probability that we will have other things to divert our attention. It was my understanding, however, that the Senator from Idaho [Mr. POPE] was ready to proceed today with a further explanation of the bill, and that probably the Senator from Kansas [Mr. MCGILL] would also speak, but, at least, the Senator from Idaho was ready to do so, and I will say that if that procedure shall be carried out, then, so far as I am concerned, it will be entirely agreeable to have the Senate recess until tomorrow.

Mr. MCGILL. Mr. President, the Senator from Kentucky, our leader, was not on the floor at the time that question arose a few moments ago. Not only do I prefer but I think the Senator from Idaho prefers to speak tomorrow rather than today.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon that the bill be read for information at this time?

Mr. McNARY. Mr. President, I was invoking the rule, not making the request. I feel the Chair has put it in perhaps a more polite form.

The PRESIDING OFFICER. The present occupant of the chair was not in the chair when the request was made, but was informed that that was the request.

Is there objection to the request of the Senator from Oregon that the bill be read for information? The Chair hears none, and the clerk will read.

Mr. SCHWELLENBACH. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.
The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Johnson, Colo.	Pepper
Andrews	Copeland	King	Pittman
Ashurst	Davis	La Follette	Pope
Austin	Dieterich	Lee	Radcliffe
Bailey	Duffy	Lewis	Russell
Bankhead	Ellender	Lodge	Schwartz
Barkley	Frazier	Logan	Schwellenbach
Berry	George	Loneragan	Sheppard
Bilbo	Gerry	Lundeen	Shipstead
Bone	Gibson	McAdoo	Smith
Borah	Gillette	McGill	Stelwer
Bridges	Glass	McKellar	Thomas, Okla.
Brown, N. H.	Graves	McNary	Thomas, Utah
Bulkley	Green	Maloney	Townsend
Bulow	Guffey	Miller	Truman
Burke	Hale	Moore	Tydings
Byrd	Harrison	Murray	Vandenberg
Byrnes	Hatch	Neely	Van Nuys
Capper	Hayden	Norris	Wagner
Caraway	Herring	Nye	White
Chavez	Hitchcock	O'Mahoney	
Clark	Johnson, Calif.	Overton	

The PRESIDING OFFICER. Eighty-six Senators have answered to their names. A quorum is present.

Mr. McNARY. Mr. President, I ask that the bill be read as proposed to be amended, as reported by the committee.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon? The Chair hears none. The clerk will read the bill as reported by the committee.

The Chief Clerk read the bill, as follows:

Be it enacted, etc., That this act may be cited as the "Agricultural Adjustment Act of 1937."

DECLARATION OF POLICY

SEC. 2. It is hereby declared to be the policy of Congress to regulate interstate and foreign commerce in cotton, wheat, corn, tobacco, and rice to the extent necessary to provide such adequate and balanced flow of such commodities as will, first, maintain both parity of prices paid to farmers for such commodities marketed by them for domestic consumption and export and parity of income for farmers marketing such commodities; and second, without interfering with the maintenance of such parity prices, provide an ever-normal granary for each such commodity and conserve national soil resources and prevent the wasteful use of soil fertility.

TITLE I—LOANS, PARITY PAYMENTS, AND GENERAL PROVISIONS

CONTRACTS WITH WHEAT AND CORN FARMERS

SECTION 3. (a) In order more effectively to carry out the declared policy the Secretary is authorized and directed to prepare adjustment contracts and to tender such contracts to farmers producing for market wheat or corn.

(b) Under adjustment contracts there shall be made available to contracting farmers (hereinafter referred to as "cooperators"), first, Soil Conservation Act payments hereinafter specified; second, surplus reserve loans; and third, parity payments.

(c) The first adjustment contracts shall cover farming operations with respect to wheat and corn planted for harvest in 1933. For years subsequent to 1933 new adjustment contracts shall be prepared for such additional periods, not to exceed 2 years, as the Secretary shall determine.

(d) The adjustment contracts for 1933 shall be tendered to farmers up to but not later than June 1, 1933, and shall be binding with respect to wheat and corn planted for harvest in 1933. Following such original tender the Secretary shall tender adjustment contracts to farmers during the last 5 months of 1933 and each subsequent year, but such contracts shall be binding only with respect to such commodities planted for harvest in a year covered by the contract and subsequent to the signing thereof by the farmer. There shall be in force with respect to any farmer for any period only one adjustment contract with respect to each farm, but such contract shall apply to both wheat and corn. Notwithstanding the foregoing provisions of this subsection, adjustment contracts shall not be in effect for 1933 unless the Secretary finds that at least 51 percent of the farmers to whom adjustment contracts are required to be tendered have signed such contracts prior to June 1, 1933; and adjustment contracts shall not be in effect for any year subsequent to 1933 unless the Secretary finds that, prior to the commencement of such year, at least 51 percent of such farmers have signed adjustment contracts for such year.

(e) In preparing and entering into adjustments contracts the Secretary shall take into consideration and protect the rightful interests and equities of tenants, landowners, and sharecroppers.

(f) For the purposes of this act wheat and corn shall be deemed to be produced for market except in the following circumstances:

1. Whenever the amount thereof produced and consumed annually on the farm is more than 75 percent of the aggregate normal yield of the soil-depleting base acreage for the commodity; or

2. Whenever in the case of corn the aggregate normal yield of the soil-depleting base acreage for such commodity is less than 300 bushels, and in the case of wheat such aggregate normal yield

is less than 100 bushels, and the acreage devoted to corn, or to wheat, as the case may be, does not exceed such respective base acreage: *Provided, however,* That either such commodity shall be deemed to be produced for market if 25 percent or more of the aggregate normal yield of such base acreage is marketed and if the farmer indicates to the Secretary his desire to become a cooperator.

SOIL CONSERVATION ACT PAYMENTS

SEC. 4. Commencing with the 1933 agricultural-conservation program and thereafter so long as this title is in full force and effect Soil Conservation Act payments shall, if the farmer is eligible to enter into an adjustment contract, be paid to him only if he has entered into such a contract; and, in lieu of the payments under such act with respect to wheat and corn produced for market, cooperators shall receive the parity payments under adjustment contracts: *Provided,* That if for any year the eligible farmer produces no wheat or corn for market, but devotes to soil-conserving uses the acreage customarily devoted to such production of wheat or corn, then the farmer shall not be denied Soil Conservation Act payments for such year by reason of his failure to enter into an adjustment contract.

SURPLUS RESERVE LOANS

SEC. 5. (a) The Surplus Reserve Loan Corporation established by title VII of this act (hereinafter referred to as the Corporation) is directed to make available surplus reserve loans upon wheat or corn produced for market at the loan rates prescribed in schedule A of this title, based on the parity price, and the relationship of the total supply to the normal supply, as proclaimed at the beginning of the marketing year. Such loans shall be made only to cooperators and on the security solely of stocks of the commodity insured and stored under seal: *Provided,* That whenever a national marketing quota is in effect for the current crop of the commodity, then the Corporation is directed to make such loans available to any noncooperator on his stock of such crop of the commodity in excess of his farm-marketing quota established for the commodity; but the loan rates shall be 70 percent of the loan rates prescribed in schedule A. The terms and conditions of such loans shall be such as the Corporation determines most effectively will carry out with respect to the commodity the declared policy of this act.

(b) The Corporation is directed to make available loans on cotton and may make loans available on rice, tobacco, and all other agricultural commodities other than wheat, corn, or cotton. Loans made pursuant to this subsection shall be made on the security solely of stocks of the commodity insured and stored under seal. The amount, terms, and conditions of such loans shall be fixed by the Corporation, taking into account the maintenance of foreign outlets for the commodity and the effect of prospective production of the commodity on the value of the stock of the commodity held or to be acquired as security for the loan.

(c) For the purposes of this act any agricultural commodity shall be deemed to be stored by the farmer under seal only if stored in such warehouses or other storage facilities, whether on or off the farm, as conform to requirements of such regulations as the Secretary shall prescribe in order more effectively to administer this act.

(d) Notwithstanding any other provision of this section, if the farmers producing cotton, wheat, corn, tobacco, or rice indicate by vote in the referendum carried out pursuant to the provisions of this act that marketing quotas with respect to such commodity are opposed by more than one-third of such farmers, loans shall not be available thereafter with respect to the commodity during the period from the date on which the results of the referendum are proclaimed by the Secretary until the beginning of the second succeeding marketing year.

PARITY PAYMENTS FOR COTTON, WHEAT, AND CORN

SEC. 6. (a) Promptly following the close of each marketing year for cotton, wheat, or corn, the Secretary shall make parity payments to farmers engaged in the production of such commodity for market during such marketing year, provided in case of wheat and corn, the farmer is a cooperator. Such payments shall be computed at the parity-payment rates prescribed in schedule A of this title, based on the parity price, and the relationship of the total supply to the normal supply, as proclaimed at the beginning of the marketing year just closed. Such payments, in case of wheat and corn, shall be paid on the aggregate normal yield of his soil-depleting base acreage for the commodity (planted to the commodity) during the marketing year just closed. If the acreage actually devoted by the cooperator to the production of the commodity during the marketing year is more than 90 percent, but not more than 100 percent, of the acreage permitted to be so planted, then the cooperator shall be conclusively presumed to have devoted 100 percent of the permitted acreage to the production of the commodity. Such payments, in case of cotton, shall be made upon the quantity of cotton produced on each farm under the national marketing quota for cotton.

(b) Notwithstanding the provisions of subsection (a), the parity payment shall be computed at a rate equal to the difference between the current average farm price for the commodity during the marketing year just closed and the maximum income rate therefor under schedule A of this title if the difference between such current average farm price and the maximum income rate is less than the applicable parity payment rate.

(c) Notwithstanding the foregoing provisions of this section, parity payments for cotton, wheat, or corn with respect to the

marketing year ending in 1938 shall be computed at the rates heretofore announced by the Secretary under the 1938 agricultural conservation program in connection with farm goals for cotton, wheat, and corn, respectively, in case such rates are greater than the rates hereinbefore in this section provided.

(d) The first parity payments made under this act with respect to cotton, wheat, or corn shall be those made following the close of the marketing year therefor ending during 1938.

CONSUMER SAFEGUARDS

SEC. 7. Whenever the current average farm price for cotton, wheat, corn, tobacco, or rice, as proclaimed monthly by the Secretary hereunder, exceeds the parity price so proclaimed for the commodity, the Secretary shall, to the extent necessary to stabilize at parity such current average farm price for the commodity—

1. Call surplus reserve loans secured by the commodity;

2. Release stocks of the commodity stored under seal pursuant to section 9 (c);

3. Release stocks of the commodity held under marketing-quota restrictions;

4. Dispose of stocks of the commodity acquired by the Corporation in connection with surplus reserve loans. Stocks of the commodity acquired by the Corporation in connection with surplus reserve loans shall, if such current average farm price does not exceed such parity price, be disposed of only for human relief, export, or surplus-reserve purposes.

BASE ACREAGES FOR WHEAT AND CORN

SEC. 8. (a) There shall be established for each farm of any farmer (whether or not a cooperator) producing wheat or corn, a soil-depleting base acreage and a normal yield per acre for each such commodity.

(b) The national soil-depleting base acreage for such commodities shall be as follows:

Wheat, 67,400,000 acres;

Corn, 102,500,000 acres.

(c) The national soil-depleting base acreage for wheat and corn shall be allotted by the Secretary among the several States and among the counties or other administrative areas therein deemed the most effective in the region for the purposes of the administration of this act. Such allotment among the several States shall be on the basis of the acreage devoted to the production of the commodity during the preceding 10 years (plus in the applicable years the net acres diverted from such production under the agricultural adjustment and conservation programs), with adjustments for abnormal weather conditions and for trends in acreage during this period. The State soil-depleting base acreage with respect to any commodity shall be allotted among such administrative areas on the basis of the acreage devoted to the production of the commodity during the preceding 10 years (plus in applicable years the net acreage diverted from such production under the agricultural adjustment and conservation programs) with adjustments for abnormal weather conditions and trends in acreage during this period and for the promotion of changes in soil-conservation practices: *Provided*, That any downward adjustment on account of changes in soil-conservation practices shall not exceed 2 percent of the total acreage allotment that would otherwise be made to such administrative area.

(d) Each such local allotment, after deducting the acreage devoted to the commodity on farms on which the commodity is not produced for market shall be allotted, through the State, county, and local committees of farmers hereinafter provided, among the farms within the local administrative area on which the commodity is produced for market. Such farm allotments shall be equitably adjusted among such farms according to the tillable acreage, type of soil, topography, and production facilities.

EVER-NORMAL GRANARY AND ACREAGE DIVERSION FOR WHEAT AND CORN

SEC. 9. (a) Whenever the total supply of wheat or corn as of the beginning of the marketing year has been finally ascertained and proclaimed by the Secretary, he shall thereupon, after hearing as provided hereinafter, establish and proclaim the following:

First, the ever-normal granary for such commodity during such marketing year; but no ever-normal granary shall be established or proclaimed for wheat or corn for any marketing year if the Secretary has reason to believe that during the first 3 months of such marketing year the current average farm price for the commodity shall be more than the parity price therefor.

Second, the percentage, if any, of the soil-depleting base acreage for the commodity to be diverted from the production thereof during such marketing year in order to effectuate the declared policy, but in no event shall such percentage be so great that, upon the basis of the national average yield for the commodity, the total supply of the commodity at the end of the marketing year is likely to be less than the normal supply thereof.

(b) Adjustment contracts shall require cooperators engaged in the production of wheat or corn for market to divert from the production of the commodity during any marketing year the percentage of the soil-depleting base acreage for the commodity proclaimed by the Secretary under this section. Such contracts shall further provide that such cooperator shall engage in such soil-maintenance, soil-building, and dairy practices with respect to his soil-depleting base acreage diverted from the production of the commodity, as shall be provided in his adjustment contract.

(c) Adjustment contracts shall require a cooperator engaged in the production of wheat or corn for market to store under seal his stock of the current crop thereof up to an amount not exceeding the normal yield of 20 percent of his farm's soil-depleting base

acreage for such commodity if the Secretary, at any time during the marketing year for such crop or within 30 days prior thereto, determines that such storage is necessary in order to carry out during such marketing year the declared policy of this act with respect to the commodity; but such storage shall not be required if the Secretary has reason to believe that during the ensuing 3 months the current average farm price for the commodity will be more than the parity price therefor. Such storage shall be for the period of the marketing year or such shorter period as the Secretary shall prescribe. Cooperators shall be entitled to obtain from the Surplus Reserve Loan Corporation surplus reserve loans in respect to stocks stored as required by the Secretary under this subsection.

(c) If any cooperator during any marketing year produces corn or wheat on acreage in excess of his soil-depleting base acreage for such commodity or fails to divert from the production of any such commodity the percentage of his soil-depleting base acreage therefor required pursuant to this section, then for such marketing year such cooperator shall be deemed a noncooperator and shall not be entitled to surplus reserve loans or parity payments with respect to his production of the commodity for such marketing year. In determining whether or not any cooperator during any marketing year produces wheat or corn on acreage in excess of his soil-depleting base acreage for such commodity or fails to divert from the production of any such commodity the prescribed percentage of his soil-depleting base acreage therefor, wheat and corn shall be considered as one agricultural commodity.

SCHEDULE A.—Surplus reserve loan, parity-payment, maximum income rate

If the total supply at the beginning of the marketing year, in terms of a percentage of the normal supply, is as follows:	Loan, parity-payment, and maximum income rates are the following percentages of the parity price at the beginning of the marketing year		
	1 Surplus reserve loan rate for wheat and corn	2 Parity-payment rate for cotton, wheat, and corn ¹	3 Maximum income rate
	Percent	Percent	Percent
Up to 100.....	85	15	100
100 up to 101.....	82	16	98
101 up to 102.....	79	17	96
102 up to 103.....	76	18	94
103 up to 104.....	74	19	93
104 up to 105.....	72	20	92
105 up to 106.....	70	21	91
106 up to 107.....	68	22	90
107 up to 108.....	66	23	89
108 up to 109.....	64	24	88
109 up to 110.....	62	25	87
110 up to 111.....	60	26	86
111 up to 112.....	58	27	85
112 up to 113.....	56	28	84
113 up to 114.....	54	29	83
114 or more.....	52	30	82

¹ If the parity-payment rate is greater than the difference between the current average farm price and the maximum income rate, then the parity payment is computed at a rate equal to such difference. (See sec. 6.)

TITLE II—MARKETING QUOTAS FOR WHEAT AND CORN

LEGISLATIVE FINDING

SECTION 20. The Congress herewith finds as follows:

The production and marketing of wheat and corn constitutes one of the great basic industries of the United States with ramifying activities which directly affect interstate or foreign commerce at every point, and stable conditions therein are necessary to the general welfare.

Recurring surpluses and shortages of supplies of wheat and corn on the Nation-wide market are detrimental to the general welfare of the Nation. Surpluses of such supplies destroy the income of farmers, their purchasing power for industrial products, and the value of the agricultural assets supporting the national credit structure. Shortages of such supplies result in excessive prices to consumers and loss of markets by farmers.

In the absence of effective legislation, surpluses of wheat and corn will accumulate and shortages of supplies will occur.

The general welfare requires that such recurring surpluses and shortages be minimized, that supplies of wheat and corn adequate to meet domestic consumption and export requirements in years of drought, flood, and other adverse conditions as well as in years of plenty be maintained, and that the soil resources of the Nation be not wasted in the production of excessive supplies.

The conditions affecting the production and marketing of wheat and corn are such that, without Federal assistance, farmers, individually or in cooperation, cannot effectively prevent the recurrence of such surpluses and shortages, maintain their incomes in a fair balance with the incomes of individuals other than farmers, maintain normal supplies of wheat and corn, or provide for the orderly marketing thereof.

The marketing of abnormally excessive supplies of wheat or corn materially affects the volume of such commodities in interstate and foreign commerce, disrupts the orderly marketing of such commodities therein, reduces the prices for such commodities with consequent injury to and destruction of such commerce, causes disparity between prices of agricultural commodities and industrial products in interstate and foreign commerce with consequent diminution of the volume of such commerce in industrial products, and otherwise acutely and directly affects, burdens, and obstructs interstate and foreign commerce.

The provisions of this act relating to wheat and corn, other than the provisions of this title, are necessary in order to minimize recurring surpluses and shortages of the agricultural commodities to which such provisions are made applicable and of other agricultural commodities, the marketing of which is affected by surpluses and shortages of the commodities to which this act is expressly applicable; to provide for the maintenance of adequate reserve supplies and further the orderly marketing of such commodities; and to maintain a fair balance between the incomes of farmers and the incomes of individuals other than farmers. The provisions of this title are necessary in order to maintain an orderly flow of such commodities in interstate and foreign commerce under such conditions.

ESTABLISHMENT OF QUOTA

SEC. 21. (a) Whenever on the thirtieth day prior to the beginning of the marketing year for wheat or corn the Secretary has reason to believe that the total supply thereof, as of the beginning of such marketing year, will exceed the normal supply thereof by more than the following percentage: Wheat, 10 percent; corn, 10 percent—then the Secretary shall within 15 days thereafter hold, at a convenient place within the principal area or areas where the commodity is produced, public hearings for the purposes of ascertaining the facts with respect to the total supply of the commodity.

(b) If the Secretary determines on the basis of such hearings that the total supply for the commodity will exceed the normal supply thereof by more than the percentage above specified, he shall proclaim the amount of such total supply and that, beginning on the fifteenth day after the date of the proclamation, a national marketing quota shall be in effect for the current crop of such commodity; but no such proclamation shall be issued with respect to the current crop of any commodity if the Secretary has reason to believe that during the first 3 months of the marketing year for such crop of the commodity the current average farm price for the commodity will be more than the parity price therefor. The Secretary shall determine and specify in such proclamation the amount of the national marketing quota for the commodity both in terms of the quantity which may be marketed and in terms of a percentage of the soil-depleting base acreage of each farm. The amount of the national marketing quota for the commodity shall be so fixed as to make available during the marketing year at least a normal supply of the commodity and in no event shall it be less than the normal supply for the commodity adjusted by deducting, first, the carry-over available for marketing, and, second, the quantity not produced for market, nor, on the other hand, shall it in any case be greater than the ever-normal granary supply level similarly adjusted.

(c) Between the date of the issuance of the proclamation specified in subsection (b) (which shall not be later than 15 days prior to the beginning of the marketing year) and the effective date of the national marketing quota, the Secretary shall conduct a referendum of farmers producing the commodity who would be subject to such farm marketing quotas to determine whether such farmers are opposed to such quotas with respect to the current crop of the commodity. If more than one-third of the farmers voting in the referendum oppose such quotas for the commodity, the Secretary shall by proclamation suspend the operation of the national marketing quota with respect to the current crop of the commodity and shall further proclaim that surplus reserve loans shall not be available thereafter with respect to the commodity during the period from the date of such proclamation until the beginning of the second succeeding marketing year.

(d) If the total supply as proclaimed by the Secretary within 45 days after the beginning of the marketing year is less than that specified in the proclamation proclaimed by the Secretary under subsection (b), then the national marketing quota specified in the proclamation under subsection (b) shall be increased accordingly.

(e) The Secretary shall provide, through the State, county, and local committees of farmers hereinafter provided, for farm marketing quotas which shall fix the quantity of the commodity which may be marketed from the farm. Such farm marketing quotas shall be established for each farm on which the farmer (whether or not a cooperator) is engaged in producing the commodity for market. The marketing quota for any farm shall be the amount of the current crop of the commodity produced on the farm less the normal yield of the farm acreage planted to such crop in excess of the percentage, as proclaimed under this section, of the farm's soil-depleting base acreage for such crop. In no event shall the marketing quota for any farm be less than the normal yield of half of the soil-depleting base acreage for the farm.

(f) If by reason of drought, war, or other national emergency the Secretary has reason to believe that the national marketing quota for any commodity should be increased, then the Secretary shall proclaim that fact and, after due notice and opportunity for public hearing to interested parties, shall, to the extent necessary to meet such emergency, increase the marketing quotas within

any producing area. No marketing quota for any farm shall be reduced by reason of the authority conferred by this subsection.

EXCESS-MARKETING PENALTY

SEC. 22. (a) It shall be an unfair agricultural practice for any farmer (whether or not a cooperator) to market wheat or corn in excess of his farm marketing quota established for the commodity unless prior to such marketing (1) the Secretary shall have under section 14 released such commodity from marketing quota restrictions; or (2) in case of corn the farmer shall have absorbed such excess marketing through diverting from the production of such commodity an acreage the aggregate normal yield of which equals or exceeds the amount of such excess marketing.

(b) It shall be a violation of law for any farmer to engage in any unfair agricultural practice that affects interstate or foreign commerce, and for each such violation the farmer shall be liable to pay an excess-marketing penalty at the following rate: 50 percent of the parity price as proclaimed at the beginning of the marketing year by the Secretary under this act and in effect at the time of the violation. Such penalties shall accrue to the United States and shall be payable to and collected by the Secretary.

(c) Whenever, after investigation, the Secretary has reason to believe that any farmer has engaged in any unfair agricultural practice that affects interstate or foreign commerce and so certifies to the appropriate district attorney of the United States, it shall be the duty of the district attorney, under the direction of the Attorney General, to institute a civil action in the name of the United States for the recovery of the penalty payable with respect to the violation.

(d) Any person engaged in the business of purchasing wheat or corn from farmers or of processing such commodities for farmers shall from time to time, on request of the Secretary, report to the Secretary such data and keep such records as the Secretary finds to be necessary to enable him to carry out the provisions of this section. Such data shall be reported and such records shall be kept in accordance with forms which the Secretary shall prescribe. For the purpose of ascertaining the correctness of any report made or record kept, or of obtaining data required to be furnished in any report but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, and memoranda as are relevant and are within the control of the person. Any person failing to make any report or keep any records as required by this subsection shall be deemed guilty of a misdemeanor and upon conviction thereof be subject to a fine of not more than \$1,000.

(e) Farmers engaged in the production of wheat or corn shall furnish such proof of their acreage, yield, storage, and marketing of the commodity in the form of records, marketing cards, reports, storage under seal, or otherwise as may be necessary for the administration of this section and prescribed by regulations of the Secretary. Any farmer failing to furnish such proofs in the manner and within the time provided shall be guilty of a misdemeanor and upon conviction thereof be subject to a fine of not more than \$100.

(f) All data reported to or acquired by the Secretary pursuant to subsections (d) and (e) shall be kept confidential by all officers and employees of the Department, and only such data so reported or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing involving the administration of this act.

TITLE III—MARKETING QUOTAS FOR COTTON

SECTION 30. The Congress herewith finds as follows:

(a) The marketing of cotton constitutes one of the great basic industries of the United States with ramifying activities which directly affect interstate or foreign commerce at every point, and stable conditions therein are necessary to the general welfare. Cotton produced for market is sold on a Nation-wide market and practically all of it and its products move almost wholly in interstate or foreign commerce from the producer to the ultimate consumer. The manufactured products of cotton are used for necessary clothing by nearly every person in the United States. The farmers producing such commodity are subject in their operations to uncontrollable natural causes, are widely scattered throughout the Nation, and are not so situated as to be able to organize effectively, as can labor and industry, for joint economic action; and in many cases such farmers carry on their farming operations on borrowed money or leased lands. For these reasons, among others, the farmers are unable without Federal intervention to control effectively the orderly marketing of such commodity, with the result that abnormally excessive supplies thereof are produced and dumped indiscriminately on the Nation-wide and foreign markets.

(b) The disorderly marketing of excessive supplies affects, burdens, and obstructs interstate or foreign commerce by (1) materially affecting the volume of such commodity marketed therein, (2) disrupting the orderly marketing of such commodity therein, (3) reducing the prices for such commodity with consequent injury and destruction of such commerce in such commodity, (4) depleting the soil resources of the United States, and (5) causing a disparity between the prices for such commodity in such commerce and industrial products therein, with a consequent diminution of the volume of interstate or foreign commerce in industrial products.

(c) Whenever an excessive supply of cotton exists, the marketing of such commodity by the producers thereof directly and substantially affects interstate or foreign commerce in such commodity and

its products, and the operation of the provisions of this title becomes necessary and appropriate in order to promote, foster, and maintain an orderly flow of supply in such commerce.

(d) It is hereby declared to be the policy and the purpose of the United States to encourage the annual production of an ample supply of cotton of suitable grade and staple to supply all domestic and foreign consumption of such cotton and in addition thereto to maintain at all times a large enough surplus to meet all offers from all sources to buy American cotton at fair and reasonable prices, and never in excess of the world-market price for cotton of similar quality.

Thirty-five percent of a normal year's domestic consumption and exports is a reasonable carry-over at the end of each marketing year. That amount of cotton carried over, based upon many years of experience, is held to be an adequate ever-normal warehouse supply for the protection of interstate commerce and of consumers of American cotton, domestic and foreign, against drought, excessive rainfall, insects, war, or other national emergency.

SEC. 31. (a) Prior to the 15th day of November of each year the Secretary shall find the probable carry-over of cotton as of the beginning of the approaching marketing year and shall also find the probable domestic consumption of American cotton, and also the probable exports of American cotton during such marketing year.

The Secretary shall also determine and specify the national marketing quota of cotton that may be marketed in interstate or foreign commerce during the succeeding marketing year.

The Secretary shall immediately after making the aforesaid findings proclaim that beginning on the first of the marketing year next following and continuing throughout such year, a national marketing quota shall be in effect for the crop harvested during such marketing year: *Provided, however*, That within 30 days after the approval of this act and thereafter not later than December 15 of 1938 and of each subsequent year the Secretary shall conduct a referendum of the farmers who would be subject to the national marketing quota for cotton to determine whether such farmers are in favor of or opposed to such quota. If more than one-third of the farmers voting in the referendum oppose such quota, the Secretary shall, within 15 days after the first referendum under this section and prior to the 1st day of the following January in case of any subsequent referendums, announce the result of the referendum and such quota shall not become effective.

The Secretary shall determine and specify in such proclamation the amount of the national marketing quota for cotton in terms of the quantity (the number of standard bales of 500 pounds weight) which may be marketed during such marketing year: *Provided, however*, That such number of bales shall not be less than 70 percent of the average annual number of bales produced during the 10-year period ended December 1932.

(b) The national marketing quota shall be apportioned by the Secretary among the several States on the basis of the proportion that the normal production of cotton for such State is of the national marketing quota, with adjustments for trends in acreage during this period.

(c) The amount of the national marketing quota allotted to each State shall be apportioned by the Secretary among the several counties or subdivisions thereof in such State upon the following basis:

(1) The proportion that the land devoted to tilled lands on cotton farms in the county is of the land devoted to tilled lands on all cotton farms in the State.

(2) The proportion that the normal production of cotton for the county is of the State marketing quota.

(3) The number of families composed of two or more persons actually residing annually on and actually engaged in the production or growing of cotton, together with other farm crops on the tilled lands of the county.

(d) Apportionment of the quota for any county or subdivision thereof shall be made by distributing among the farms therein that acreage which, on the basis of the average yield of cotton in such county or subdivision thereof, would produce the amount of the county quota. Such acreage shall be apportioned among the farms producing cotton in the county or subdivision thereof as follows:

(1) By allocating 5 acres to each such farm for each family engaged thereon as owner, share tenant, tenant renter, or share-cropper in the production of cotton on such farm: *Provided, however*, That the number of acres allotted for any family cultivating less than 5 acres during either of the two preceding seasons shall be the larger of the number of acres that was cultivated in either of such season, such production to be determined in accordance with regulations issued by the Secretary.

(2) At least 95 percent of any acreage remaining shall be apportioned to the farms in the county in the same proportion that the lands tilled on each farm in the preceding year bears to the total tilled lands in the county in such year.

(3) The remainder of such acreage may be distributed equitably among the farms in the county, taking into consideration good soil management, type of soil, topography, production facilities, the average acreage of cotton grown on the farm during the preceding 3 years (taking into account in the applicable years the acreage diverted from such production because of agricultural adjustment and conservation programs), and the acreage of food and feed crops

needed for home consumption on the farm. In distributing the acreage allotment under this subsection (3) due allowance under instructions issued by the Secretary shall be made for sources of cash farm income other than that derived from cotton.

(e) If the quantity of cotton produced on the fixed number of acres exceeds the quantity specified, as hereinabove provided, the quantity so produced shall prevail as the national marketing quota and all of it may be marketed in interstate and foreign commerce.

(f) Not in excess of 3 percent of the national marketing quota apportioned to any State may be allotted and apportioned to farms and areas currently producing cotton for the first time during the last 10 years. Such apportionments shall be made under regulations to be adopted by the Secretary.

SEC. 32. (a) Whenever, after due notice and opportunity for public hearing to interested parties, the Secretary determines that the national marketing quota then in effect does not make available a normal supply of cotton, the Secretary shall increase such national marketing quota so as to make available during the marketing year a normal supply.

(b) If, by reason of drought, war, or other national emergency, or increase in exports, the Secretary has reason to believe that the national marketing quota should be increased or suspended, then the Secretary shall proclaim that fact and, after due notice and opportunity for public hearing to interested parties, shall to the extent necessary to meet such emergency increase the farm marketing quotas within any production area or suspend marketing quotas. No farm marketing quota for any farm shall be reduced after an increase pursuant to this subsection.

SEC. 33. (a) The willful marketing in interstate or foreign commerce of any cotton produced on a farm for which a quota has been established in excess of the quantity produced on such acreage is hereby prohibited. Ginning such cotton and selling it creates a prima facie presumption that such cotton was marketed in interstate or foreign commerce in violation of this title.

(b) Any person knowingly purchasing or selling cotton marketed in violation of subsection (a) shall pay a penalty of 75 percent of the purchase price of the cotton. Such penalty shall accrue to the United States.

(c) Persons who knowingly sell cotton grown on acreage not included in an acreage allotment shall not be eligible for any payments under the Soil Conservation and Domestic Allotment Act nor under this title.

All persons applying for any payment of money under the Soil Conservation and Domestic Allotment Act as amended or under this title shall file with the application a statement verified by affidavit that the applicant had not knowingly sold any cotton during the current year produced on any land other than the acreage allotted to the applicant, and that he will not during such crop year sell any cotton produced on acreage other than that allotted to the applicant. Any person who knowingly swears falsely to the facts above stated shall be guilty of perjury.

The Secretary shall provide by regulations for the identification of cotton produced on the allotted acreage in such way as to afford aid in discovering and identifying cotton sold or offered for sale which was not produced on acreage included in any farm allotment. Producers who sell cotton produced on land not included in such producers' allotted acreage shall be ineligible for Government cotton loans during such marketing year.

(d) The several district courts of the United States are hereby vested with jurisdiction specifically to enforce the provisions of this title. If and when the Secretary shall so request, it shall be the duty of the several district attorneys in their respective districts, under the direction of the Attorney General, to institute proceedings to collect the penalties provided for under this section. The remedies provided for herein shall be in addition to, and not exclusive of, any of the remedies or penalties under existing law.

SEC. 34. The Secretary shall provide, through the State, county, and local committees of farmers hereinafter authorized, for the making of allotments to farms of the national marketing quota and, when legally authorized to do so, apportion a number of acres from which cotton produced may move in interstate or foreign commerce, and for measuring all farms and ascertaining whether an excess over the apportionment of any farm under the national marketing quota has been planted to cotton. If an excess of planted-to-cotton acreage is found on any farm, the committee shall promptly file with the State committee a written report stating the total acreage in cultivation and the acreage then planted to cotton.

SEC. 35. The Commodity Credit Corporation is hereby authorized and directed to extend the maturity date of all notes evidencing a loan made by that Corporation on cotton produced during the crop year 1937-38 from July 31, 1938, to July 31, 1939.

The Corporation is further authorized and directed to waive its right to reimbursement from warehousemen accruing because of the improper grading of cotton as provided in the loan agreement. Except insofar as herein specifically modified, all the terms and conditions of the loan agreement shall remain applicable.

TOBACCO

NATIONAL MARKETING QUOTA

SECTION 40. (a) The marketing of tobacco constitutes one of the great basic industries of the United States with ramifying activities which directly affect interstate or foreign commerce at every point, and stable conditions therein are necessary to the

general welfare. Tobacco produced for market is sold on a Nation-wide market and, with its products, moves almost wholly in interstate or foreign commerce from the producer to the ultimate consumer. The farmers producing such commodity are subject in their operations to uncontrollable natural causes and are widely scattered throughout the Nation; in many cases such farmers carry on their farming operations on borrowed money or leased lands and are not so situated as to be able to organize effectively, as can labor and industry, through unions and corporations enjoying Government protection and sanction. For these reasons, among others, the farmers are unable without Federal assistance to control effectively the orderly marketing of such commodity, with the result that abnormally excessive supplies thereof are produced and dumped indiscriminately on the Nation-wide market.

(b) The disorderly marketing of such abnormally excessive supplies affects, burdens, and obstructs interstate or foreign commerce by (1) materially affecting the volume of such commodity marketed therein, (2) disrupting the orderly marketing of such commodity therein, (3) reducing the price for such commodity with consequent injury and destruction of such commerce in such commodity, and (4) causing a disparity between the prices for such commodity in such commerce and industrial products therein, with a consequent diminution of the volume of interstate or foreign commerce in industrial products.

(c) Whenever an abnormally excessive supply of tobacco exists, the marketing of such commodity by the producers thereof directly and substantially affects interstate or foreign commerce in such commodity and its products, and the operation of the provisions of this title becomes necessary and appropriate in order to promote, foster, and maintain an orderly flow of such supply in such commerce.

Sec. 41. (a) Whenever, on the 15th day of November of any calendar year, the Secretary finds that the total supply of tobacco as of the beginning of the marketing year then current exceeds the reserve supply level therefor, the Secretary shall proclaim the amount of such total supply, and, beginning on the first day of the marketing year next following and continuing throughout such year, a national marketing quota shall be in effect for the tobacco marketed during such succeeding marketing year. The Secretary shall also determine and specify in such proclamation the amount of the national marketing quota in terms of the total quantity which may be marketed, which will make available for marketing during the succeeding marketing year a supply of tobacco equal to the reserve supply level. Such proclamation shall be made not later than the 1st day of December in such year.

(b) Within 30 days after the date of the issuance of the proclamation specified in subsection (a) of this section the Secretary shall conduct a referendum of farmers who would be subject to the national marketing quota for tobacco to determine whether such farmers are in favor of or opposed to such quota. If more than one-third of the farmers voting in the referendum oppose such quota, the Secretary shall, prior to the 1st day of January, proclaim the result of the referendum, and such quota shall not become effective.

(c) In connection with the determination and announcement of any marketing quota for the 1938-39 marketing year, the determination by the Secretary pursuant to subsection (a) of this section shall be made as of the 15th day of January and proclaimed not later than the 1st day of February, and the proclamation of the Secretary pursuant to subsection (b) of this section shall be made prior to the 1st day of March.

APPORTIONMENT OF NATIONAL MARKETING QUOTA

Sec. 42. (a) The national marketing quota for tobacco established pursuant to the provisions of this title shall be apportioned by the Secretary among the several States on the basis of the total production of tobacco in each State during the 5 calendar years immediately preceding the calendar year in which the quota is proclaimed (taking into account the base acreages and goals for tobacco established under previous agricultural adjustment and conservation programs), with such adjustments as are determined to be necessary to make correction for abnormal conditions of production for small farms and for trends in production during such 5-year period.

(b) The Secretary shall provide through local committees of farmers, for the allotment of the marketing quota for any State (less the amounts to be allotted under subsection (c) of this section) among the farmers producing tobacco therein on the basis of the following: Past production of tobacco; land, labor, and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco: *Provided*, That except for farms on which for the first time in 10 years tobacco is produced to be marketed in the marketing year for which the quota is effective, the marketing quota for any farm shall not be less than the smaller of either (1) 2,400 pounds or (2) the average tobacco production for the farm during the preceding 3 years, not exceeding the normal production of the average of the base acreages or goals for tobacco established for the farm under agricultural adjustment and conservation programs during any of such preceding 3 years.

(c) The Secretary shall provide, through local committees of farmers, for the allotment of not in excess of 3 percent of the national marketing quota apportioned to any State to farms in such State on which for the first time in 10 years tobacco is produced to be marketed in the year for which the quota is effective on the basis of the following: Land, labor, and equipment available for the production of tobacco; crop-rotation practices; and

the soil and other physical factors affecting the production of tobacco: *Provided*, That farm marketing quotas established pursuant to this subsection shall not exceed 75 percent of the farm marketing quotas established pursuant to subsection (b) of this section for farms which are similar with respect to the following: Land, labor, and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco.

(d) Farm marketing quotas may be transferred only in such manner and subject to such conditions as the Secretary may prescribe by regulations.

ADJUSTMENT AND SUSPENSION OF QUOTAS

Sec. 43. If the Secretary has reason to believe that any national marketing quota for tobacco will not make a normal supply of tobacco available for marketing during the marketing year for which such quota has been established, he shall cause an immediate investigation to be made with respect thereto in the course of which due notice and opportunity for public hearing shall be given to interested persons. If upon the basis of such investigation the Secretary finds the existence of such fact, he shall proclaim the same, and upon such proclamation the amount of such national marketing quota shall be increased to such amount as he shall have determined upon the basis of such investigation will make available for marketing during such marketing year a normal supply of tobacco and shall announce such increased marketing quota. The amount of such farm marketing quota shall be increased in the same ratio.

(b) If the Secretary has reason to believe that because of a national emergency or because of war any national marketing quota for tobacco should be terminated, he shall cause an immediate investigation to be made to determine whether the termination of such quota is necessary in order to effectuate the declared policy of this title or to meet an increased demand arising from such war or emergency. If, upon the basis of such investigation, the Secretary finds that such termination is necessary, he shall immediately proclaim such finding and thereupon such quota shall terminate.

PENALTIES

Sec. 44. (a) Any person who knowingly acquires from a producer tobacco marketed by such producer from a farm in excess of the marketing quota for such farm shall be subject to a penalty of 50 percent of the market price of the tobacco on the date of such acquisition, or 3 cents per pound in the case of flue-cured, Maryland, or burley, or 2 cents per pound in the case of all other kinds of tobacco, whichever is the higher. If the tobacco is acquired by sale the purchaser may deduct the amount of the penalty from the price which would otherwise be paid for such tobacco. All penalties shall be remitted to the Secretary and shall accrue to the United States.

(b) All persons, in whatever capacity acting, including producers, warehousemen, processors of tobacco, and common carriers and persons engaged in the business of purchasing tobacco from farmers, or of redrying, prizing, or stemming tobacco for farmers, shall, from time to time on request of the Secretary, report to the Secretary such information and keep such records as the Secretary finds to be necessary to enable him to carry out the provisions of this title. Such information shall be reported and such records shall be kept in accordance with forms which the Secretary shall prescribe. For the purpose of ascertaining the correctness of any report made or record kept, or of obtaining information required to be furnished in any report, but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, and memoranda as he has reason to believe are relevant and are within the control of such person. Any such person failing to make any report or keep any records as required by this subsection or making any false report or record shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than \$500.

(c) The several district courts of the United States are hereby vested with jurisdiction specifically to enforce the provisions of this section. If and when the Secretary shall so request, it shall be the duty of the several district attorneys in their respective districts, under the direction of the Attorney General, to institute proceedings to collect the penalties provided in this section. The remedies and penalties provided for herein shall be in addition to, and not exclusive of, any of the remedies or penalties under existing law.

(d) All information reported to or acquired by the Secretary pursuant to this section shall be kept confidential by the Department, except that such information as the Secretary deems relevant may be disclosed in a suit or administrative hearing involving the administration of this title.

TITLE V—MARKETING QUOTAS FOR RICE DOMESTIC ALLOTMENT

SECTION 50. (a) The marketing of rice constitutes one of the great basic industries of the United States with ramifying activities which directly affect interstate or foreign commerce at every point, and stable conditions therein are necessary to the general welfare. Rice produced for market is sold on a Nation-wide market, and, with its products, moves almost wholly in interstate or foreign commerce from the producer to the ultimate consumer. The farmers producing such commodity are subject in their operations to uncontrollable natural causes; in many cases such farmers carry on their farming operations on borrowed money or leased lands and are not

so situated as to be able to organize effectively, as can labor and industry, through unions and corporations enjoying Government sanction and protection for joint economic action. For these reasons, among others, the farmers are unable without Federal assistance to control effectively the orderly marketing of such commodity with the result that abnormally excessive supplies thereof are produced and dumped indiscriminately on the Nation-wide market.

(b) The disorderly marketing of such abnormally excessive supplies affects, burdens, and obstructs interstate or foreign commerce by (1) materially affecting the volume of such commodity marketed therein, (2) disrupting the orderly marketing of such commodity therein, (3) reducing the prices for such commodity with consequent injury and destruction of such commerce in such commodity, and (4) causing a disparity between the prices for such commodity in such commerce and industrial products therein, with a consequent diminution of the volume of interstate or foreign commerce in industrial products.

(c) Whenever an abnormally excessive supply of rice exists the marketing of such commodity by the producers thereof directly and substantially affects interstate or foreign commerce in such commodity and its products, and the operation of the provisions of this title becomes necessary and appropriate in order to promote, foster, and maintain an orderly flow of such supply in such commerce.

Sec. 51. (a) Not later than December 31 of each year the Secretary shall ascertain from the latest available statistics of the Department of Agriculture and shall proclaim the total amount of rice which will be needed during the next succeeding marketing year to meet the requirements of consumers in the United States, its Territories, and in Cuba, if at the time of such announcement the Cuban tariff rate applicable to the first 100,000,000 pounds of rice imported into Cuba in any year from the United States is at least \$1.70 per hundred pounds less than the tariff rate on rice imported into Cuba from countries other than the United States. Such amount is hereinafter referred to as the "domestic allotment of rice."

(b) Within 30 days after the enactment of this title the Secretary shall ascertain from the latest available statistics of the Department of Agriculture and shall proclaim the total amount of rice which will be needed during the marketing year commencing August 1, 1937, to meet the requirements of consumers as provided in subsection (a).

(c) The domestic allotments of rice for the marketing years commencing August 1, 1937, and August 1, 1938, shall be apportioned by the Secretary among the several States in which rice is produced on the following basis: First, between California on the one hand and all other States on the other hand in proportion to the rice base production established for such States under the 1937 agricultural conservation program; second, among the States other than California in proportion to the average of (1) the rice base production established for each State under the 1937 agricultural conservation program, (2) the average amount of rice produced in each State during the 5-year period 1932-36, and (3) the amount of rice produced in each State in 1937. The domestic allotment of rice for each subsequent marketing year shall be apportioned by the Secretary among the several States in which rice is produced in proportion to the larger of (1) the average amount of rice produced in each State during the 5-year period including the calendar year in which such domestic allotment is announced, or (2) the domestic allotment made to each State for the preceding year.

(d) The Secretary shall provide, through local and State committees of farmers, for the allotment of each State apportionment among persons producing rice in such State. Such allotment with respect to the marketing years commencing August 1, 1937, and August 1, 1938, shall be made on the basis of the average of (1), if such a base was established, the rice base production established for each such person under the 1937 agricultural-conservation program; (2) the average amount of rice produced by each such person during the 5-year period 1932-36, including the normal production of any acreage retired or diverted from rice production by such person during such years under agricultural adjustment and conservation programs; and (3) the amount of rice produced by each such person in 1937, including the normal production of any acreage diverted from rice production by such person during such year under the agricultural-conservation program, with such adjustments as may be necessary in order that the allotment for each person shall be fair and reasonable as compared with allotments established for other persons having similar conditions with respect to the following: Land, labor, and equipment available for the production of rice; crop-rotation practices, soil fertility, and other physical factors affecting the production of rice. Such allotment for subsequent years shall be made on the basis of the larger of (1) the average amount of rice produced by each person during the 5-year period upon which State apportionments pursuant to subsection (c) are based for such year, or (2) the allotment made to such person for the preceding year, with such adjustments as may be necessary in order that the allotment for each person shall be fair and reasonable as compared with allotments established for other persons having similar conditions with respect to the following: Land, labor, and equipment available for the production of rice; crop-rotation practices, soil fertility, and other physical factors affecting the production of rice: *Provided*, That not exceeding 3 percent of each State apportionment shall be available for allotment among persons who, for the first time in 5 years, produce rice to be marketed in the marketing year next succeeding the

marketing year in which such State apportionment is made, such allotments to be made upon such basis as the Secretary deems fair and just and will apply to all persons to whom an apportionment is made under this provision uniformly within the State on the basis or classification adopted. In determining the average amount of rice produced by any person during any 5-year period there shall be omitted from such computation any year in which the amount of rice produced by such person is less than 75 percent of the average amount computed by including such year, if such deficiency in production for such year was due to damage caused by storms, salt water, or other uncontrollable acts of nature.

SOIL-CONSERVATION PAYMENTS

Sec. 52. (a) Notwithstanding any other provision of law, beginning with the crop harvested in the calendar year of 1937, and with respect to the crop harvested in each calendar year thereafter, the Secretary is authorized to make payments from the funds appropriated pursuant to section 15 of the Soil Conservation and Domestic Allotment Act for the purpose of carrying out the provisions of that act, under the conditions set out in subsection (b) of this section, to rice producers on the amount of rice allotted to them of the domestic allotment of rice last announced by the Secretary under section 51. Such soil-conservation payments shall be at a rate not to exceed five-tenths of 1 cent per pound of rough rice, and shall be made as soon as practicable after compliance with the conditions prescribed pursuant to subsection (b) of this section has been determined.

(b) The payments provided for by this section shall be made only to those producers of rice who, in connection with the production of the crop of rice with respect to which the payments are to be made, have set aside for each acre of rice planted 1 acre of land suitable for the production of rice and previously used for the production of rice, and have allowed such land to remain idle or fallow during the year, or have devoted to the production of rice during such year an acreage not in excess of the rice-acreage allotment established for them pursuant to the agricultural conservation program for such year, and upon such other conditions and in such manner as the Secretary determines will carry out the policy of this title.

MARKETING QUOTAS

Sec. 53. (a) If, at the time of any proclamation made under the provisions of section 51 (a) of this title, it shall appear from the latest available statistics of the Department that the total supply of rice exceeds the normal supply thereof for the current marketing year by more than 15 percent of such normal supply, the Secretary shall also proclaim that, beginning on the first day of the marketing year next following and continuing throughout such year, a national marketing quota shall be in effect for marketings of rice by producers: *Provided*, That no marketing quota shall be in effect for the marketing year commencing August 1, 1938. The Secretary shall also ascertain and specify in such proclamation the amount of the national marketing quota in terms of the total quantity thereof which may be marketed by producers, which shall be that amount of rice which the Secretary determines will make available during such marketing year a normal supply.

(b) Within 30 days after the date of the issuance of the proclamation specified in subsection (a) of this section, the Secretary shall conduct a referendum of farmers who would be subject to the national marketing quota for rice to determine whether such farmers are in favor of or opposed to such quota. If more than one-third of the farmers voting in the referendum oppose such quota, the Secretary shall, prior to the 15th day of February, proclaim the result of the referendum, and such quota shall not become effective.

(c) The national marketing quota shall be apportioned among States and farmers, including new producers, in the manner and upon the basis set forth in section 50 for the apportionment of the domestic allotment of rice.

(d) Marketing quotas may be transferred only in such manner and subject to such conditions as the Secretary may prescribe by regulations.

(e) If the Secretary has reason to believe that any national marketing quota for rice will not make a normal supply of rice available for marketing during the marketing year for which such quota has been established, he shall cause an immediate investigation to be made with respect thereto in the course of which due notice and opportunity for public hearing shall be given to interested persons. If upon the basis of such investigation the Secretary finds the existence of such fact, he shall proclaim the same forthwith and shall specify the termination of, or such increase in, the national marketing quota as he finds upon the basis of such investigation will make available for marketing during such marketing year a normal supply of rice. If the national marketing quota is increased pursuant to the provisions of this subsection, the amount of each producer's marketing quota shall be increased in the same ratio.

(f) If the Secretary has reason to believe that because of a national emergency or because of war any national marketing quota for rice should be terminated, he shall cause an immediate investigation to be made to determine whether the termination of such quota is necessary in order to effectuate the declared policy of this title or to meet an increased demand arising from such war or emergency. If, upon the basis of such investigation, the Secretary finds that such termination is necessary, he shall immediately proclaim such finding, and thereupon such quota shall terminate.

EXCESS MARKETING PENALTY

SEC. 54. (a) Any person who knowingly acquires from a producer rice marketed by such producer in excess of his marketing quota shall be subject to a penalty of five-tenths of 1 cent per pound of the excess so marketed. If such rice is acquired by sale the purchaser may deduct the amount of the penalty from the price which otherwise would be paid for such rice. All penalties shall be remitted to the Secretary and shall accrue to the United States.

(b) The penalties provided for in subsection (a) of this section shall be collected and paid in such manner, at such time, and under such conditions as the Secretary may by regulations prescribe. The penalties provided for under subsection (a) of this section shall be collected under the direction of the Secretary and shall be covered into the general fund of the Treasury of the United States. Any person who knowingly violates any regulation made by the Secretary pursuant to this section shall be guilty of a misdemeanor and upon conviction shall be punished by a fine of not more than \$100 for such offense.

(c) All persons, in whatever capacity acting, including producers, warehousemen, processors of rice, and common carriers and persons engaged in the business of purchasing rice from farmers shall, from time to time on request of the Secretary, report to the Secretary such information and keep such records as the Secretary finds to be necessary to enable him to carry out the provisions of this title. Such information shall be reported and such records shall be kept in accordance with forms which the Secretary shall prescribe. For the purpose of ascertaining the correctness of any report made or record kept, or of obtaining information required to be furnished in any report, but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, and memoranda as he has reason to believe are relevant and are within the control of such person. Any such person failing to make any report or keep any records as required by this subsection or making any false report or record shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than \$500.

TITLE VI—DEFINITIONS, FINDINGS, AND ADMINISTRATIVE PROVISIONS
PUBLICATION AND REVIEW OF SOIL-DEPLETING BASE ACREAGES, NORMAL YIELDS, AND MARKETING QUOTAS

SECTION 60. (a) Under regulations of the Secretary, each local committee of farmers shall post in the area for public inspection a list of the soil-depleting base acreages, normal yields, and farm marketing quotas, if any, for every farm within jurisdiction of the committee; and shall file for public inspection a certified copy of the list with the recorder of deeds or similar county official.

(b) Under regulations of the Secretary, any farmer dissatisfied with the determination of any soil-depleting base acreage, normal yield, or marketing quota for his farm may, within 15 days after newspaper publication of such determination as hereinbefore provided, have the determination reviewed by a review committee whose membership shall be composed of farmers but shall not include any members of the committee of farmers making the determination. Unless application for such review is made within such period, the determination of the local committee of farmers shall be final.

(c) Under regulations of the Secretary any farmer dissatisfied with the determination of the review committee may, within such reasonable time and in such manner as the Secretary shall prescribe, file with a reviewing officer to be designated by the Secretary a written petition alleging that the determination made by the review committee was not in accordance with law, regulations, or fact and praying for the modification thereof; and the petitioner shall thereupon be afforded an opportunity for full hearing on the petition at a place of hearing within the county in which the petitioner's farm is located. After such hearing the reviewing officer shall make a report in writing stating his findings and conclusions, and an order confirming or modifying the determination of the review committee of farmers. A copy of the report and order shall be served on the petitioner by sending the same to him by registered mail.

(d) The petitioner may, within 15 days after receipt of a copy of such report and order, file a bill in equity against the Secretary as defendant, in the United States district court for the district in which the land in question is located, for the purpose of obtaining a review of such order. The bill of complaint in such a proceeding may be served by delivering a copy thereof to the Secretary or to any person within the district in which suit is brought who may have been authorized by the Secretary to accept service of such a bill, and thereupon the reviewing officer shall certify and file in the court a transcript of the record upon which the determination complained of was entered. The review by the court shall be limited to questions of law, and findings of fact by the reviewing officer when supported by substantial evidence shall be conclusive. No objection to the order of the Secretary shall be considered by the court unless such objection shall have been urged in the hearing before the reviewing officer, or unless there were reasonable grounds for failure so to do. If application is made to the court for leave to adduce additional evidence, and it is shown to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the hearing before the reviewing officer, the court may order such additional evidence to be taken before the reviewing officer in such manner and upon such terms and conditions as to the court may seem proper. The reviewing officer may modify his findings and con-

clusions and his order by reason of the additional evidence so taken, and he shall file with the court such modified or new findings, conclusions, or order, which findings, if supported by substantial evidence, shall be conclusive. At the earliest convenient time the court shall hear and determine the case upon the original record of the hearing before the reviewing officer, or upon such record as supplemented by further hearing before him pursuant to an order of the court, and the court shall affirm the reviewing officer's order, or the order as modified by him, if the court determines that the same is in accordance with law. If the court determines that such order or modified order is not in accordance with law, it shall remand the proceeding to the reviewing officer with direction either to make such order as the court shall determine to be in accordance with law or to take such further proceedings as in its opinion the law requires.

(e) Notwithstanding any other provision of law, the jurisdiction conferred by this section to review the legal validity of a determination made by a reviewing officer pursuant to this title shall be exclusive. No court of the United States or of any State shall have jurisdiction to pass upon the legal validity of any such determination except in a proceeding under this section. The commencement of judicial proceedings under this section shall not, unless specifically ordered by the court, operate as a stay of the reviewing officer's order.

(f) In the event of an increase with respect to any agricultural commodity of any depletion base acreage or marketing quota for any farm as a result of the review of the determination thereof under this section, then all other depletion base acreages or marketing quotas, respectively, for farms in the same local administrative area shall be reduced pro rata in accordance with regulations of the Secretary, if such action is necessary to prevent a substantial increase of marketing quotas in the local administrative area.

SEC. 61. Definitions: (a) For the purpose of this act—

1. The Secretary is authorized after due notice and opportunity for public hearing to interested parties to treat as a separate major agricultural commodity any market classification, type, or grade of any cotton, wheat, corn, tobacco, or rice if he finds such treatment necessary in order adequately to effectuate the policy of this act with respect to such market classification, type, or grade.

2. "Parity," as applied to prices for cotton, wheat, corn, tobacco, or rice, shall be that price for the commodity as will give to the commodity a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of such commodity in the period from August 1909 to July 1914, or, in case of tobacco, August 1919 to July 1929, and which will also reflect current interest payments per acre on farm indebtedness secured by real estate and tax payments per acre on farm real estate, as contrasted with such interest payments and tax payments during the applicable base period.

3. "Parity," as applied to income, shall be that net income of farmers that bears to the income of individuals other than farmers the same relation as prevailed during the period from August 1909 to July 1914.

4. "Normal year's domestic consumption" shall be the yearly average quantity of the commodity produced in the United States that was consumed in the United States during the preceding 10 marketing years, adjusted for current trends in such consumption.

5. "Normal year's exports" shall be the yearly average quantity of the commodity produced in the United States that was exported from the United States during the preceding 10 years, adjusted for current trends in such exports.

6. The term "marketing year" means, for cotton and rice, the period from August 1 of one year to July 31 of the succeeding year; for wheat and flue-cured tobacco, the period from July 1 of one year to June 30 of the succeeding year; for all other types of tobacco and for corn, the period from October 1 of one year to September 30 of the succeeding year: *Provided, however*, That cotton produced in any year and marketed prior to August 1 of the same year shall be deemed to have been marketed during the marketing year commencing August 1 of such year.

7. "Total supply" of any agricultural commodity for any marketing year shall be the carry-over at the beginning of such marketing year plus the estimated production thereof in the United States during the calendar year in which such marketing year begins, except that the estimated production of type 46 tobacco during the marketing year with respect to which the determination is being made shall be used in lieu of the estimated production of such type during the calendar year in which such marketing year begins in determining the total supply of cigar-filler and cigar-binder tobacco.

8. The normal supply for the following agricultural commodities shall be—

Wheat, a normal year's domestic consumption and exports plus 10 percent thereof as an allowance for a normal carry-over;

Corn, a normal year's domestic consumption and exports;

Cotton, a normal year's domestic consumption and exports plus 35 percent thereof as an allowance for a normal carry-over and an ever-normal reserve;

Rice, a normal year's domestic consumption and exports plus 10 percent thereof as an allowance for a normal carry-over;

Tobacco, a normal year's domestic consumption and exports plus 175 percent of a normal year's domestic consumption and 65 percent of a normal year's exports as an allowance for a normal carry-over.

9. "Carry-over" in the case of tobacco and rice for any marketing year shall be the quantity thereof on hand in the United States at the beginning of such marketing year which was produced in the United States prior to the beginning of the calendar year then current, except that in the case of cigar-filler and cigar-binder tobacco the quantity of type 46 tobacco on hand and theretofore produced in the United States during such calendar year shall also be included.

10. (a) The "normal yield" per acre, for wheat and corn for any farm shall be the average yield per acre for the commodity thereon during the preceding 10 years, adjusted for weather conditions, or if there is no actual yield or the data therefor are not available for any year, then an appraised yield to be determined by the Secretary. The normal yield per acre shall first be computed during the period in which adjustment contracts are first tendered, or parity payments first offered, as the case may be, to farmers under this act and thereafter shall be recomputed during any period in which any adjustment contracts or any parity payment offers are tendered to farmers.

(b) "Normal yield" per acre of cotton, tobacco, and rice for any county shall be the weighted average yield of cotton produced therein during the 5 years immediately preceding the year in which such normal yield is used in any computation authorized in this title, provided, that if for any year of such 5-year period the yield of cotton produced therein is one-third less than the normal yield so computed, the normal yield of cotton shall be the weighted average of yields of cotton produced therein during the remaining years in such 5-year period. In determining normal yield in the case of cotton for the year 1938 there shall be included the estimated yields for the crop year 1937-38.

11. The "national average yield" for any agricultural commodity shall be the national average yield per acre for the commodity during the preceding 10 years adjusted for abnormal weather conditions.

12. "Normal production" of cotton for any State or county, respectively, shall be the average of the number of bales of cotton produced therein during the 5 years immediately preceding the year in which such normal production is used in any computation authorized in this title: *Provided*, That if for any year of such 5-year period the number of bales of cotton produced therein is less than one-third of the normal production so computed, the normal production of cotton shall be the average of the number of bales of cotton produced therein during the remaining years in such 5-year period.

13. "Reserve supply level" shall be the normal supply plus a percentage of a normal supply adequate to insure a sufficient quantity to meet domestic consumption and export needs in years of drought, flood, or other adverse conditions, as well as in years of plenty. In the case of tobacco such percentage shall be 5 percent. In the case of rice, 10 percent.

14. "Ever-normal granary" for wheat and corn shall be such supply, in addition to the normal supply but not in excess of 10 percent thereof, as will maintain a surplus reserve adequate enough to meet domestic consumption and export needs in years of drought, flood, or other adverse conditions, as well as in years of plenty.

15. "Tobacco" means each of the kinds of tobacco listed below, comprising the types specified as classified in Service and Regulatory Announcement No. 118, of the Bureau of Agricultural Economics of the Department of Agriculture:

Flue-cured tobacco, comprising types 11, 12, 13, and 14;
Fire-cured tobacco, comprising types 21, 22, 23, and 24;
Dark air-cured tobacco, comprising types 35, 36, and 37;
Burley tobacco, comprising type 31;
Maryland tobacco, comprising type 32; and
Cigar-filler and cigar-binder tobacco, comprising types 41, 42, 43, 44, 45, 46, 51, 52, 53, 54, and 55.

The provisions of this act shall apply to such kinds of tobacco severally.

16. "Corn" means field corn.

17. The term "interstate or foreign commerce" means sale, marketing, trade, and traffic between any State or Territory or the District of Columbia or Puerto Rico, and any place outside thereof; or between points within the same State or Territory or within the District of Columbia or Puerto Rico, through any place outside thereof.

18. The term "affect interstate or foreign commerce" means among other things, in such commerce, or to burden or obstruct such commerce or the free and orderly flow thereof; or to create or tend to create a surplus of any major agricultural commodity which burdens or obstructs such commerce or the free and orderly flow thereof.

19. The term "United States" means the several States and Territories and the District of Columbia and Puerto Rico.

20. The term "State" includes a Territory and the District of Columbia and Puerto Rico.

21. The term "Secretary" means the Secretary of Agriculture, and the term "Department" means the Department of Agriculture.

22. The term "for market" in the case of wheat and corn means for disposition by sale, barter, exchange, or gift, or by feeding (in any form) to poultry or livestock which, or the products of which, are to be sold, bartered, exchanged, or given away; and the terms "marketed" or "to market" mean to dispose of in any such manner. Such terms shall not include consumption on the farm.

23. Wheat and corn shall be deemed consumed on the farm if consumed by the farmer's family, employees, or household, or by

his work stock; or if fed to poultry or livestock on his farm and such poultry or livestock, or the products thereof, are to be consumed by his family, employees, or household.

24. The term "person" means an individual, partnership, firm, joint-stock company, corporation, association, trust, estate, or any agency of the State.

25. The term "tilled land" means the acreage devoted to soil-depleting row crops and all other soil-depleting feed crops the previous year.

26. The yields and production for the crop year 1937-38 shall be included in any determinations of yields or production made for 1938.

27. The term "for market" in the case of cotton and tobacco means for disposition by sale, barter, exchange, or gift; in the case of rice, for disposition in any of such ways for use in human consumption.

28. "Marketing" means disposing of by sale, barter, exchange, or gift and, in the case of rice, disposing of rice in any such ways for use in human consumption.

ADMINISTRATIVE PROVISIONS

SEC. 62. (a) Hearings: The terms and conditions of adjustment contracts and loans thereunder, the regulations under this act or with respect to such contracts, the time and manner of keeping records and making reports, and the amount of any ever-normal granary and of any diversion percentage shall be prescribed or proclaimed by the Secretary only after opportunity for public hearing held upon not less than 3 days' notice and at a convenient place within the principal area or areas where the agricultural commodity or commodities concerned are produced.

(b) Utilization of local agencies: (1) The Secretary shall designate local administrative areas as units for the administration of programs carried out pursuant to this title, the Soil Conservation and Domestic Allotment Act, and such other agricultural laws as he may specify. Farmers having farms lying within any such local administrative area, and participating or cooperating in programs administered within such area, shall elect annually from among their number a local committee for such area. The chairmen of all such local committees within any county shall constitute a county committee for the county, which shall elect from its members an administrative committee of three. The county agricultural agent shall be a member, ex officio, of the county committee and of the administrative committee. There shall be a State committee for each State composed of the State director of agricultural extension, ex officio, and of four farmers resident within the State to be appointed by the Secretary. Before appointing any appointive member of a State committee the Secretary shall consult with and give consideration to such recommendations as are made by the State director of agricultural extension and authorized representatives of leading State-wide farm organizations within the State. The Secretary shall make such regulations as are necessary to carry out the provisions of this subsection, including regulations to carry out the functions of the respective committees and for the administration within any State, through the State, county, and local committees within such State, of such programs. No payments shall be made to a member of any State, county, or local committee of any State for compensation or otherwise except solely for services performed or expenses incurred in administering such programs within such State.

(2) The Secretary is authorized and directed to make payments to State, county, and local committees of farmers hereinbefore authorized, to cover the estimated administrative expenses incurred or to be incurred by them in cooperating in carrying out the provisions of this act. Adjustment contracts or other offers shall provide that all or part of such estimated administrative expenses of any such committee may be deducted pro rata from the Soil Conservation Act payments, parity payments, or surplus reserve loans made thereunder unless payment of such expenses is otherwise provided by law. The Secretary may make such payments to such committees in advance of determination of performance by farmers under their adjustment contracts. The Secretary in the administration of this title shall accord such recognition and encouragement to producer-owned and producer-controlled cooperative associations as will be in harmony with the policy toward cooperative associations set forth in existing acts of Congress and as will tend to promote efficient methods of marketing and distribution.

(c) Proclamation of parity and farm prices and total supply: The Secretary shall, on the first day of each month (or on the ensuing business day if said first day is a holiday in the District of Columbia or a Sunday) ascertain and proclaim the parity price and the current average farm price for each agricultural commodity. The Secretary shall, within 45 days after the beginning of the marketing year for each agricultural commodity, ascertain and proclaim the current average farm price for the commodity during the preceding marketing year, to be weighted in accordance with the quantity of the commodity marketed. Within such 45-day period the Secretary shall also ascertain and proclaim the total supply of such commodity as of the beginning of the marketing year.

(d) Available statistics: The latest available statistics of the Department shall be used by the Secretary in ascertaining the "total supply," "normal year's domestic consumption," "normal year's exports," "parity" as applied to prices and income, and "current average farm price."

(e) Finality of farmers' payments and loans: The facts constituting the basis for any Soil Conservation Act payment, parity payment, or surplus-reserve loan, or the amount thereof, when officially determined in conformity with the applicable regulations prescribed by the Secretary of Agriculture or by the Corporation shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government.

(f) Benefits available to Members of Congress: The provisions of section 3741 of the Revised Statutes (U. S. C., title 41, sec. 22) and sections 114 and 115 of the Criminal Code of the United States (U. S. C., title 18, secs. 204 and 205) shall not be applicable to contracts or payments made under this act.

PERSONNEL AND ADMINISTRATIVE EXPENSES

SEC. 63. The Secretary is authorized and directed—

(a) Except as otherwise may be provided in this act to provide for the execution by the Agricultural Adjustment Administration of such of the powers conferred upon him by this act as he deems may be appropriately exercised by such administration; and for such purposes and for the purposes of the Surplus Reserve Loan Corporation, the provisions of section 10 (a) of the Agricultural Adjustment Act, as amended and reenacted by the Agricultural Marketing Act of 1937, shall be applicable to the employment and compensation of such officers and employees.

(b) To make such expenditures as he deems necessary to carry out the provisions of this act, including personal services and rents in the District of Columbia and elsewhere, traveling expenses (including the purchase, maintenance, and repair of passenger-carrying vehicles), supplies and equipment, law books, books of reference, directories, periodicals, and newspapers.

APPROPRIATIONS

SEC. 64. (a) Beginning with the fiscal year commencing July 1, 1938, there is hereby authorized to be appropriated, for each fiscal year for the administration of this act and for the making of Soil Conservation Act payments and parity payments under this act such sums as are necessary. There is hereby made available for parity payments with respect to cotton, wheat, and field corn under this act for any year commencing on or after July 1, 1938, 55 percent of all sums appropriated for the purposes of sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, as amended, for such year.

(b) For the administration of this act during the fiscal year ending June 30, 1938, there is hereby authorized to be made available from the funds appropriated for such fiscal year for carrying out the purposes of sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, as amended, a sum not to exceed \$10,000,000.

(c) All funds for carrying out the provisions of this act shall be available for allotment to bureaus and offices of the Department and for transfer to such other agencies of the Federal Government or to such State agencies as the Secretary may request to cooperate or assist in carrying out the provisions of this act.

(d) The Secretary shall determine the character and necessity for expenditures under this act; the Soil Conservation and Domestic Allotment Act, as amended; and the Sugar Act of 1937; the manner in which they shall be incurred and allowed, the persons to whom payments shall be made, including the persons entitled to receive the payments in the event of the death, incompetency, or disappearance of the persons who otherwise would have been entitled to receive the payments, and shall also prescribe voucher forms and the forms in support thereof, without regard to the provisions of any other laws governing the expenditure of public funds, and such determinations and forms shall be final and conclusive upon all other officers of the Government.

(e) The Secretary shall at all times maintain complete and accurate books of account. The financial transactions pursuant to the provisions of this act shall be audited at least once each year by the General Accounting Officer for the sole purpose of making a report to Congress, together with such recommendations as the Comptroller General of the United States may deem advisable: *Provided*, That such reports shall not be made until the Secretary shall have had reasonable opportunity to examine the exceptions and criticisms of the Comptroller General or the General Accounting Office, to point out errors therein, explain or answer the same, and to file a statement which shall be submitted by the Comptroller General with his report.

(f) Notwithstanding any other provisions of this act, if the aggregate parity payments payable under schedule A of title I of this act for any marketing year are estimated by the Secretary to exceed the sum appropriated for such payments for such year, all such payments shall be reduced pro rata that the estimated aggregate amount of such payments shall not exceed the funds available for such payments.

(g) Parity payments may be made, subject to the consent of the farmer, in the form of the commodity with respect to which the payment is made, in such amounts as the Secretary determines are equivalent to money payments at the rates determined pursuant to the provisions of schedule A of this title.

(h) No payment shall be made with respect to any farm pursuant to the provisions of this act and of sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, as amended, with respect to cotton, wheat, corn, tobacco, and rice unless, where the area of cropland on the farm permits, and it is otherwise feasible, practicable, and suitable, in accordance with regulations prescribed by the Secretary, there is grown on such farm an acreage of food and feed crops sufficient to meet home-consumption requirements.

(i) All cotton of the 1937 crop warehoused in the calendar year 1937 and held as security for a loan from the Federal Government shall, pursuant to regulations of the Secretary, upon the request of any borrower, be reclassified, restapled, and reweighed by a licensed Government classifier without expense to such borrower.

(j) The first sentence of the Third Deficiency Appropriation Act, fiscal year 1937, under the subhead "Price Adjustment Payment to Cotton Producers," is amended to read as follows:

"Notwithstanding any other provisions of section 32 of Public Law No. 320, Seventy-fourth Congress, as amended, \$65,000,000 of the funds available under said section 32 in each of the fiscal years 1938 and 1939 shall be available until expended for price-adjustment payments to cotton producers, upon such terms and conditions as the Secretary of Agriculture may determine, with respect to the 1937 cotton crop. Cotton which on July 1, 1938, is under a 1937 Commodity Credit Corporation loan and which, had it been sold prior to that date, would under the regulations prescribed by the Secretary of Agriculture be eligible for payment, shall be treated as if sold on July 1, 1938, but there shall be deducted from the cotton price adjustment payment in respect thereof, and paid to the lending agency, the unpaid carrying charges under such loan due June 30, 1938. Payment shall be made only upon application filed prior to October 1, 1938."

LONG-STAPLED COTTON

SEC. 65. The provisions of this act shall not apply with respect to cotton having a staple of 1½ inches in length or longer.

SEPARABILITY

SEC. 66. If any provisions of this act, or the application thereof to any person or circumstance, is held invalid, the validity of the remainder of the act and the application of such provision to other persons or circumstances, and the provisions of the Soil Conservation and Domestic Allotment Act, as amended, shall not be affected thereby.

TITLE VII—SURPLUS RESERVE LOAN CORPORATION

ESTABLISHMENT

SECTION 70. For the purpose of making and administering surplus reserve loans authorized in section 12 there is hereby established as an agency of and within the Department a corporation to be known as the "Surplus Reserve Loan Corporation." The principal office of the Corporation shall be located in the District of Columbia, but there may be established agencies or branch offices elsewhere in the United States under regulations prescribed by the board of directors (hereinafter referred to as the "board"). The management of the Corporation shall be vested in the board subject to the general supervision of the Secretary. The board shall consist of three persons employed in the Department who shall be appointed by and hold office at the pleasure of the Secretary. Vacancies in the board, so long as there shall be two members in office, shall not impair the powers of the board to execute the functions of the Corporation, and two of the members in office shall constitute a quorum for the transaction of the business of the board. The directors shall receive no additional compensation for their services as directors of the Corporation, but may be allowed necessary traveling and subsistence expenses in accordance with the laws and regulations governing traveling and subsistence expenses for governmental employees generally engaged in the business of the Corporation outside of the District of Columbia. The board, subject to the approval of the Secretary, shall select a manager, who shall be the executive officer of the Corporation with such power and authority as may be conferred upon him by the board. The board shall have the power to adopt such bylaws, rules, and regulations, and amendments thereto, as it deems necessary for the conduct of the business of the Corporation. The board shall define the authority and duties of the officers and employees of the Corporation, delegate to them such of the powers vested in the Corporation as it may determine, and require bonds of such of them as it may designate and fix the penalties and pay the premiums of such bonds.

POWERS OF CORPORATION

SEC. 71. The Corporation shall have succession until dissolved by act of Congress and shall have power (a) to sue and be sued in any State or Federal court of competent jurisdiction; (b) to adopt and use a corporate seal, which shall be judicially noticed; (c) to make contracts; and (d) to acquire, hold, and dispose of real and personal property necessary and incident to the conduct of its business. The Corporation shall have such other powers as may be necessary and incident to the conduct of its powers and duties under this act. The Corporation shall be entitled to the free use of the United States mails in the same manner as the other executive agencies of the Government. The Corporation, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, offices, agents, and employees thereof in carrying out its functions under this act.

SEC. 72. The Corporation shall have a capital stock of \$100,000,000, subscribed by the United States of America, which sum is hereby authorized to be appropriated. Such subscriptions shall, with the approval of the Secretary, be subject to call, in whole or in part, by the board. Receipts for payments by the United States of America for or on account of such stock shall be issued by the Corporation to the Secretary of the Treasury and shall be evidence of the stock ownership of the United States of America.

ISSUANCE OF OBLIGATIONS

SEC. 73. (a) The Corporation is authorized and empowered to issue and have outstanding at any one time its notes, debentures,

or other such obligations in a par amount aggregating not more than five times the amount received by the Corporation in payment of its capital stock; such obligations to mature not more than 2 years from their respective dates of issue, to be redeemable at the option of the Corporation before maturity in such manner as may be stipulated in such obligations, and to bear such rate or rates of interest as may be determined by the Corporation. The notes, debentures, and other such obligations of the Corporation may be secured by assets of the Corporation in such manner as shall be prescribed by the board and may be offered for sale by the Corporation at such price or prices as the board shall determine. The said obligations shall be fully and unconditionally guaranteed both as to interest and principal by the United States and such guaranty shall be expressed on the face thereof. In the event that the Corporation shall be unable to pay upon demand when due the principal of or interest on notes, debentures, and other such obligations issued by it, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such notes, debentures, or other obligations. The Secretary of the Treasury is authorized and directed, whenever in the judgment of the board additional funds are required for purposes of making loans, to purchase any obligations of the Corporation to be issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of the sale of any securities hereafter issued under sections 752-754 and 757 of title 31 of the United States Code, and the purposes for which securities may be issued under said sections are extended to include such purchases. The Secretary of the Treasury may at any time sell any of the obligations of the Corporation acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of the obligations of the Corporation shall be treated as public-debt transactions of the United States.

(b) In order that the Corporation may be supplied with such forms of notes, debentures, or other such obligations as may be needed for issuance under this section, the Secretary of the Treasury is authorized to prepare such forms as shall be suitable and approved by the Corporation to be held by the Treasury, subject to delivery upon order of the Corporation. The engraved plates, dies, bed pieces, and other material executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The Corporation shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such notes, debentures, or other obligations.

DESIGNATED FISCAL AGENCY

SEC. 74. When designated for that purpose by the Secretary of the Treasury, the Corporation shall be a depository of public money and shall act as a financial agent of the Government, and, when acting as such, shall perform such reasonable duties as a depository of public money and as a financial agent of the Government as may be required of it by the Secretary of the Treasury.

EXPENDITURE OF FUNDS AND EXEMPTION FROM TAXATION

SEC. 75. (a) The board shall determine the character and necessity for its expenditures under this act, other than administrative expenditures, and the manner in which they shall be incurred, allowed, and paid without regard to the provisions of any other laws governing the expenditure of public funds, and such determination shall be final and conclusive upon all officers of the Government. The Corporation shall at all times maintain complete and accurate books of account and shall file annually with the Secretary a complete report as to the business of the Corporation. The financial transactions of the Corporation shall be audited by the General Accounting Office at least once each year.

(b) All notes, debentures, or other such obligations issued by the Corporation shall be exempt both as to principal and interest from all taxation (except estate and inheritance taxes) now or hereafter imposed by the United States; by any Territory, dependency, or possession thereof; or by any State, county, municipality, or local taxing authority. The Corporation, its property, including its franchise, capital, reserves, and surplus, and its income, shall be exempt from all taxation now or hereafter imposed by the United States; by any Territory, dependency, or possession thereof; or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

PENAL PROVISIONS

SEC. 76. (a) Whoever, for the purpose of obtaining any loan from the Corporation, or any extension or renewal thereof, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Corporation under this act, makes any statement knowing it to be false, or willfully overvalues any security, shall be punished by a fine of not more than \$1,000 or by imprisonment for not more than 1 year, or both.

(b) Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to the Corporation or pledged or otherwise entrusted to the Corporation; or (2) with intent to defraud the Corporation, or any other body, politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Corporation, makes any false entry in any book, report, or statement of or to the

Corporation, or draws any order, or issues, puts forth, or assigns any note or other obligation, warehouse receipt, or other security; or (3), with intent to defraud the Corporation, participates or shares in or receives, directly or indirectly, any money, profit, property, or benefit through any transaction, loan, contract, or any other act of the Corporation, shall be punished by a fine of not more than \$1,000 or by imprisonment for not more than 1 year, or both.

(c) Whoever knowingly, with intent to defraud the Corporation, shall conceal, remove, dispose of, or convert to his own use or to that of another any property pledged to or held by the Corporation as security for any obligation shall be punished by a fine of not more than \$1,000 or by imprisonment for not more than 1 year, or both.

(d) Whoever (1) falsely makes, forges, or counterfeits any obligation or coupon in imitation of or purporting to be an obligation or coupon issued by the Corporation; or (2) passes, utters, or publishes or attempts to pass, utter, or publish any false, forged, or counterfeited obligation or coupon purporting to have been issued by the Corporation, knowing the same to be false, forged, or counterfeited; or (3) falsely alters any obligation or coupon issued, or purporting to have been issued, by the Corporation; or (4) passes, utters, or publishes or attempts to pass, utter, or publish as true any falsely altered or spurious obligation or coupon issued, or purporting to have been issued, by the Corporation, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than \$1,000 or by imprisonment for not more than 1 year, or both.

TITLE VIII—AMENDMENTS TO SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT

SECTION 80. (a) Section 8 (b) of the Soil Conservation and Domestic Allotment Act, as amended, is amended by striking out "Subject to the limitations provided in subsection (a) of this section, the Secretary shall have the power to carry out the purposes specified in clauses (1), (2), (3), and (4) of section 7 (a) by making," and inserting in lieu thereof "In order to carry out the purposes specified in section 7 (a) the Secretary shall have the power to make."

(b) Section 8 (b) of such act, as amended, is amended by striking out the expression "or (4)" after the expression "required for domestic consumption," and inserting in lieu thereof the following:

"(4) their equitable share as determined by the Secretary of the national production of any commodity or commodities required for domestic consumption and exports adjusted to reflect the extent to which their utilization of cropland on the farm conforms to farming practices which the Secretary determines will best effectuate the purposes specified in section 7 (2) or (5)."

(c) Section 8 (b) of such act, as amended, is amended by inserting, after the expression "during the year with respect to which such payment is made" and before the expression "in carrying out the provisions of this section," the following:

"In determining the amount of any payment or grant measured by (4), the Secretary shall take into consideration and give equal weight to (1) the national acreage required to be devoted to the crop or group of crops or to the practices designated by the Secretary for such farm pursuant to subsection (c) in order to provide adequately for domestic consumption and exports of any one or more agricultural commodities and to effectuate the purposes specified in section 7 (a), and the value of the production of such commodity or group of commodities on such national acreage on the basis of average values for the 10 years immediately preceding the year in which such payment is determined, and (2) the national average acreage devoted to the production of such commodity or commodities or to such practices during such 10-year period in excess of the national acreage required for such purposes and the value of production from such excess acreage on the basis of average values during the 10 years immediately preceding the year in which such payment is determined."

(d) Section 8 (b) of such act, as amended, is amended by striking out the sentence "In carrying out the provisions of this section, the Secretary shall not have power to enter into any contract binding upon any producer or to acquire any land or any right or interest therein," and by inserting in lieu thereof the following: "In carrying out the provisions of this section the Secretary shall have the power to enter into contracts with producers but shall not have the power to acquire any land or any right or interest therein."

(e) Section 8 (c) of such act, as amended, is amended by striking out "specified in clause (1), (2), (3), or (4)."

TITLE IX. COTTON POOL PARTICIPATION TRUST CERTIFICATES

SECTION 90. There is hereby authorized to be appropriated, from any moneys in the Treasury of the United States not otherwise appropriated, the sum of \$1,800,000, or so much thereof as may be required by the Secretary to accomplish the purposes hereinafter declared and authorized. The Secretary of the Treasury is hereby authorized and directed to pay to, or upon the order of, the Secretary, such a part or all of the sum hereby appropriated at the request of the Secretary.

SEC. 91. The Secretary is hereby authorized to draw from the Treasury of the United States any part or all of the sum hereby appropriated, and to deposit same to his credit with the Treasurer of the United States, under special symbol number, to be available for disbursement for the purposes hereinafter stated.

SEC. 92. The Secretary is hereby authorized to make available, from the sum hereby appropriated, to the manager, cotton pool,

such sum or sums as may be necessary to enable the manager to purchase, take up, and cancel, subject to the restrictions herein-after reserved, pool participation trust certificates, Form C-51, where such certificates shall be tendered to the manager, cotton pool, by the person or persons shown by the records of the Department to have been the lawful holder and owner thereof on February 1, 1937, the purchase price to be paid for the certificates so purchased to be at the rate of \$1 per 500-pound bale for every bale or fractional part thereof represented by the certificates C-51. The Secretary is further authorized to pay directly, or to advance to the manager, cotton pool, to enable him to pay costs and expenses incident to the purchase of certificates as aforesaid, and any balance remaining to the credit of the Secretary, or the manager, cotton pool, not required for the purchase of these certificates in accordance with provisions of this act, shall, at the expiration of the purchase period, be covered into the Treasury of the United States as miscellaneous receipts.

SEC. 93. The authority of the manager, cotton pool, to purchase and pay for certificates hereunder shall extend to and include the 31st day of January 1938: *Provided*, That after expiration of the said limit, the purchase may be consummated of any certificates tendered to the manager, cotton pool, on or before January 1, 1938, but where for any reason the purchase price shall not have been paid by the manager, cotton pool. The Secretary is authorized to promulgate such rules, regulations, and requirements as in his discretion are proper to effectuate the general purposes of this title, which purpose is here stated to be specifically to authorize the purchase of outstanding pool participation trust certificates, Form C-51, for a purchase price to be determined at the rate of \$1 per bale, or twenty one-hundredths cent per pound, for the cotton evidenced by the said certificates, provided such certificates be tendered by holders thereof in accordance with regulations prescribed by the Secretary not later than the 31st day of January 1938, and provided such certificates may not be purchased from persons other than those shown by the records of the Department to have been holders thereof on or before the 1st day of May 1937.

SEC. 94. The Secretary is authorized to continue in existence the 1933 cotton producers pool so long as may be require to effectuate the purposes of this title. All expense incident to the accomplishment of purposes of this title may be paid from funds hereby appropriated, for which purpose the fund hereby appropriated shall be deemed as supplemental to such funds as are now to the credit of the Secretary, reserved for the purpose of defraying operating expenses of the pool.

SEC. 95. The authorization contained in this title for the purchase of outstanding participation trust certificates, C-51, is not intended as recognizing or establishing any right or claim in the holders thereof against the United States, or any obligation on the part of the United States to purchase these certificates, but is in the nature of a gratuitous action on the part of the United States to accomplish the distribution of a surplus resulting from cotton operations, amongst those persons, or their assignees, who have come to be the bona fide holders and owners of these certificates and who, as such certificate holders, came to believe that they were entitled to a distribution of all net proceeds derived from marketing of the cotton involved in the transaction. After expiration of the time limit herein established, the certificates then remaining outstanding and not therefore tendered to the manager, cotton pool, for purchase, shall not be purchased and no obligation on account thereof shall exist.

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). That completes the reading of the bill.

MESSAGE FROM THE HOUSE

During the reading of Senate bill 2787,

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed a joint resolution (H. J. Res. 516) to provide for certain expenses incident to the second session of the Seventy-fifth Congress, in which it requested the concurrence of the Senate.

COMPENSATION OF PAGES DURING SPECIAL SESSION

Mr. GLASS. Mr. President, I ask unanimous consent for the consideration at this time of the joint resolution which has just come over from the House of Representatives.

The PRESIDING OFFICER (Mrs. GRAVES in the chair). The Chair lays before the Senate a joint resolution from the House of Representatives, which will be read.

The joint resolution (H. J. Res. 516) to provide for certain expenses incident to the second session of the Seventy-fifth Congress was read the first time by its title and the second time at length, as follows:

Resolved, etc., That for the payment of pages for the Senate and House of Representatives from November 15 to December 31, 1937, both dates inclusive, there are hereby appropriated, out of any money in the Treasury not otherwise appropriated, the following sums:

For 21 pages for the Senate at \$4 per day each, \$84.48.

For 47 pages for the House of Representatives at \$4 per day each, \$188.36.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Virginia that the joint resolution be considered at this time?

There being no objection, the joint resolution was considered, ordered to a third reading, read the third time, and passed.

EXECUTIVE SESSION

After the reading of the bill had been concluded,

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

REPORTS OF COMMITTEE ON POST OFFICES AND POST ROADS

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will read, in order, the nominations on the Executive Calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. BARKLEY. I ask unanimous consent that the nominations of postmasters on the Executive Calendar be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

That completes the Executive Calendar.

RECESS

The Senate resumed legislative session.

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 3 o'clock and 58 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, November 24, 1937, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate, November 23 (legislative day of November 16), 1937

POSTMASTERS

ARIZONA

John J. Newell, Naco.
William A. Davis, Ruby.

ARKANSAS

Lee Rea, Caraway.
Samuel K. Purdy, Carthage.
William R. Beaty, Emmet.
Samuel C. Scott, Wheatley.

KENTUCKY

Mary E. Chaudoin, Buffalo.
Robert Bailey Huddleston, Fulton.
James T. Maher, Independence.
Pearl Parsley, Inez.
Hugh A. Reynolds, Junction City.
Dora Mae Miller, Magnolia.
Clarence C. Rees, Mays Lick.

MISSISSIPPI

Walter Darracott, Aberdeen.
Mildred A. Ellis Fisher, Bucatunna.
Anne D. Powers, Cary.
Clarence L. Fleming, Crandall.
William B. Potts, Crawford.
Ida Koen, Foxworth.
Lee E. Rials, Jayess.
Sallie C. Walker, Lauderdale.
William Bullock, Natchez.

Bonnie H. Curd, Pace.
 Marion W. Thornton, Pachuta.
 Miss Archie Patterson, Pinola.
 Thelma Zimmerman Landry, Waveland.

OHIO

Cora M. Burns, Beloit.
 Ethel A. Compton, Blacklick.
 Martin M. Helwick, Bolivar.
 John Maag, Foster.
 Robert L. Stygler, Gahanna.
 Howard C. Huhn, Hamden.
 Carson D. Faber, Jeromesville.
 Henry W. Myers, Luckey.
 Harry G. Benjamin, Mount Blanchard.
 George R. Daubenmire, Pleasantville.
 Lema M. Collins, Proctorville.
 Ralph W. Detrick, Quincy.
 Mable L. Sloan, Rushsylvania.
 Winifred Hine, Tallmadge.

TEXAS

Wenzel P. Skarda, Bloomington.
 Sallie C. Milburn, Bryson.
 Henry Allen Jones, Cayuga.
 John S. Cochran, Coahoma.
 Robert Hugh McClanahan, Coldspring.
 Lee M. Feagin, Colmesneil.
 Mabel Cheek, Groves.
 Harley Arnold, Maud.
 Joe H. Victory, New Willard.
 Merrill L. Carlton, Ringgold.
 Cora Anderson, South Houston.
 Simon D. Hay, Sudan.
 James R. Oliver, Wells.
 Laura A. Bruening, Westhoff.

HOUSE OF REPRESENTATIVES

TUESDAY, NOVEMBER 23, 1937

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Blessed Lord and Savior, in the heart that knows Thy love is a sacred temple and all selfish voices die away at its threshold. We pray Thee to let the touch of Thy spirit be upon us and grant that hearts may be filled with love because we have trusted in Thy holy name; set our manhood in perfect poise with Thy will and endow us with the fortitude of brave men; keep us from submission to lower impulses. Heavenly Father, as life is a sacred trust, so splendid and urgent, we pray that the unaccomplished mission of our great calling may be to bring new-found happiness and contentment to all our people. Almighty God, we beseech Thee to turn this world away from battle and blood; O stop it from loving hate and hating love. In the name of our Redeemer. Amen.

The Journal of the proceedings of yesterday was read and approved.

PAY OF PAGES OF THE HOUSE AND SENATE

Mr. TAYLOR of Colorado. Mr. Speaker, I send to the Clerk's desk a joint resolution and ask unanimous consent for its immediate consideration.

The Clerk read as follows:

House Joint Resolution 516

Resolved, etc., That for the payment of pages for the Senate and House of Representatives from November 15 to December 31, 1937, both dates inclusive, there are hereby appropriated out of any money in the Treasury not otherwise appropriated the following sums:

For 21 pages for the Senate at \$4 per day each, \$84.
 For 47 pages for the House of Representatives at \$4 per day each, \$188.

Mr. TABER. Mr. Speaker, reserving the right to object, I understand this is a routine resolution for the same num-

ber of pages that were here at the last session, and this is the amount authorized by law.

Mr. TAYLOR of Colorado. The gentleman is correct, and I may say it has been the custom of Congress always to pay the pages up to the end of the month in which we adjourn, so that if we adjourn over the holidays and the pages are paid until the end of the month, that is nothing more than what has always been done. The pages are compelled to be here and they will have to stay here, and we feel that the precedent should be followed, and therefore I have provided in the resolution to pay them from the 15th of November to the 31st of December. This is all there is to the resolution. It has nothing to do with mileage of the Members of the House or anything else.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Colorado. Certainly.

Mr. RICH. Does not the chairman of the Appropriations Committee feel, in view of all these expenses being put on the Federal Government by the calling of this extra session, that it seems to have been a kind of ridiculous call, when we consider the amount of work we have been doing?

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. JENKINS of Ohio. Mr. Speaker, I ask unanimous consent that I may be permitted to address the House for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. JENKINS of Ohio. Mr. Speaker, probably the most serious matter that is claiming the attention of the American people at the present time is the tremendous recession that has taken place in the business, financial, and economic structures of the Nation in recent weeks. And the next most serious matter is, What are we going to do about it? What is the remedy? Who or what is responsible for it? Can Congress remedy it?

This depression is so serious that great care must be taken else the perpetuity of the Nation may be endangered. This is a situation that cannot be laughed off. It cannot be passed lightly with the wave of the hand or with a nonchalant attitude. Already the loss of values in the stock market and in many avenues of trade is almost as great as that of 1929 and 1930. The best financial experts of the country are noticeably worried about the situation, for they appreciate that in 1929 our national debt was only slightly above \$16,000,000,000 and the country could then stand an additional debt burden, but today the debt exceeds \$38,000,000,000 and is still piling up at the rate of several million per day. There must be a limit. With the country staggering under the greatest load of debt that ever afflicted any country in the history of the world, and with State and corporate and individual debts increasing, and with the national income still standing at many billions below the 1929 figures, it is little wonder that the financial experts of the Nation are worried. The wild theories of the New Deal "brain trusters" must now be discarded and the common sense and business knowledge of the men who know from experience must be called into play to save the country from ruin.

We have not forgotten the President's proud boasts that "we have planned it that way." We will remember his readiness to attach his own opprobrious cognomens to large classes of our citizens. "Economic royalists" and "princes of privilege" are samples of his daily diversions. On every hand it now appears that his proud, boastful spirit has been somewhat broken. His failure to appear in person with his great retinue of attendants to deliver his message to this special session of Congress, made special by his own edict, is evidence of his fear to face the music. His somewhat

kindly reference to businessmen in his message is a most remarkable come-down for him. He seems now to show some recognition of the fact that the days of flippancy and jest are over and that the more serious concerns of the day and times demand his attention and the best attention of our brightest minds and the thoughtful consideration of all our people. If our President has come to a recognition of our national condition, and will show his intention to do the things that he has so often promised—cut down expenses, prevent wasteful extravagance, and pay as you go—he will find that the American people will rally behind him for the battle to pull ourselves out of this depression.

The cause of this recent recession is the fact that the people have lost confidence in the administration's policies. This confidence will not be restored by idle promises. It will come only as a result of affirmative action. The psychology must be changed. The set-up must be altered.

Can Congress do it? No! Congress can do only its part. The Executive must acknowledge his errors and show unmistakable signs of assuming a different attitude and following a different course. When the Executive shows an honest inclination to do that which he thinks is best for the country without any regard to political advantage, I am sure that he can confidently count on the support of Congress.

Since the President in his message to Congress made scarcely any mention of this terrible recession in values, in employment and in production, we are prone to conclude that he is not yet completely divorced from his "idols." I am wondering what attitude he would take if Congress should again find itself and proceed to legislate as it was once proudly wont to do in its own name, upon its own responsibility and to its own glory. I firmly believe that now is the time for Congress to act. Now is the time for Congress to take from its nose the ring of servility. Now is the time for Congress to rise in its might and reclaim for itself and for the people the prerogatives that were given to it in the Constitution—the same immortal document that created the executive department and prescribed his dominion and his power.

With this thought in mind I have introduced a bill which I think expresses the wish and desire of millions of interested people and which meets the approval of practically all the businessmen, large and small, and the economists of the land, and which meets the approval of the man who works in that it will reflect itself in stability of employment for him. I have asked the Congress to repeal the surtax on undistributed profits as written in section 14 of the tax law of 1936. This section should never have been passed. It was born of the same parentage as all the other many unreasonable and unworkable laws of the President's playboy Cabinet.

When the revenue law of 1936 was being considered by the Ways and Means Committee, of which I have the honor of being a humble member, this section and others were opposed by me and others most vigorously. We opposed this measure on the floor of the House, but to no avail for the big Democratic majority was then eating out of the hand of its master. But things are changed now and I hope forever. We, the minority on the Ways and Means Committee, wrote a minority report on that bill which expressed my views cogently and forcefully. I think that the Republicans in Congress unanimously espoused the reasoning and arguments set forth in this minority report. So we Republicans are today, as we were in 1936, openly opposing the surtax on undistributed profits. The following is a copy of the bill which I have introduced:

Be it enacted, etc., That the tax imposed by section 14 of the Revenue Act of 1936 (surtax on undistributed profits) is hereby repealed with respect to taxable years beginning after December 31, 1936.

Sec. 2. Subsection (d) of section 117 of the Revenue Act of 1936 (limiting the deduction for capital net losses to \$2,000) is hereby repealed with respect to taxable years beginning after December 31, 1936.

The following excerpts from the minority report filed by the Republican membership of the Ways and Means Com-

mittee in 1936 pointed a prophetic finger toward this present recession which is now threatening us:

If business is led to pay out all of its earnings during prosperous years, and is discouraged or prevented from building up reserves for "rainy days," the natural consequence will be that the peaks of future booms will be accentuated and the valleys of future depressions deepened. * * *

The experience which the country has had during the present depression has amply demonstrated the necessity and value of reserves and their importance as a stabilizing influence. It is not pleasant to contemplate how much worse the depression might have been had the scheme of taxation now proposed been in effect prior to 1929, and business had entered the depression either stripped of its reserves or with only nominal amounts. Hardly a business would have been left standing; the army of the unemployed would have been more than doubled; the greater part of the population would have been forced on relief.

The reserves which they built up in the prosperous years were alone responsible for enabling thousands of organizations to continue in business during the depression, to provide jobs for millions of persons who otherwise would have been without work, and to maintain dividend payments. That, of course, is what reserves are for. Had more business firms pursued the wise and prudent policy of building up reserves in prosperous years to tide them over the lean years, the country would have been in a much better condition to meet the depression than it was.

It is apparent that the tax is in no sense a tax on corporate earnings but a penalty on the accumulation of protective reserves, on business rehabilitation and expansion, and on the payment of debts. * * *

In penalizing reserves and exempting amounts distributed, the proposed scheme in effect punishes prudent business management and holds out a seductive invitation to improvident management. * * *

The dangerous and unwholesome effect of any tax which discourages or prevents the accumulation of protective reserves while offering a bounty for improvidence is, we think, so apparent as to require little, if any, discussion.

All the above excerpts were written in honest candor. It was evident to any thinking man that this new tax scheme hatched from the brain of Professor Oliphant would not work. It was inconsistent with the tax-raising philosophy of our country. It was wrong. Subsequent events have proved our contention. Today the national welkin is ringing with the protests of businessmen everywhere. Not one single person to my knowledge has arisen to defend this tax. It is on its way out, and I insist that we repeal this law now. There is not one single reason to defer its repeal until the next session of Congress. It is not related or correlated in any such way as to make its amputation a dangerous operation to the remainder of the law. It can be easily severed and the law which severs it can be made retroactive so as to enable business to be free from this depressing influence at once.

I hope the Ways and Means Committee will have the courage to recommend the repeal of this tax completely and do it now. Business will not improve with this sword hanging over its head. Capital will be shy and will not venture into fields of danger. Government maintains itself from a share of the Nation's created wealth. This share should be collected in the least obnoxious way possible. It should not be collected at the end of a gun which eternally threatens the very existence of business. While business needs the protection of government, yet government could not function except for the barter and exchange of goods by the people. The welfare of the Nation is guaranteed best by a happy, prosperous people and not by a threatened people.

My bill also seeks to amend the capital gains and losses section of the 1936 tax bill. The proper method of levying taxes on capital gains and losses has baffled the acumen of the makers of tax laws for years. Tax laws generally are not very popular with any taxpayer, but unless a tax law has in it an element of fairness it is doubly unpopular; and a tax law that is unfair in its application is often not only obnoxious but destructive. There is a provision in the present capital gains and losses tax section which should be repealed because it has in it an element of unfairness that many object to. The tax on undistributed profits applies only to corporations, while the tax on capital gains and losses applies only to individuals. The earnings of an individual usually are not so involved and complicated as that of a corporation, and for that reason his gains and losses may more easily be matched or balanced.

In 1936 Congress amended the capital gains and losses tax law by adding subsection (d) of section 117. This subsection provides that only \$2,000 of capital losses might be applied against one's net income. For example, if one should sell one piece of real estate at a loss of \$15,000 and another at a gain of \$3,000, showing a net loss to him of \$12,000, he could only apply \$2,000 of this loss against his net income. On the other hand, if the process were reversed and he should sell his one piece of property at a gain of \$15,000 and his other at a loss of \$3,000, making a net gain of \$12,000, this net gain would be added to his income. If the latter proceeding is entirely proper, then the former should also be proper. To be just a provision of law must be fair.

My bill, therefore, repeals subsection (d) of section 117. The effect of this is to treat capital gains and losses exactly alike. This will be fair to the small taxpayer and also to the large taxpayer. The present law stifles trade. One wishing to trade is under the present law always confronted with the uncertainty and unfairness of this tax. If he makes a good deal, he is taxed out of proportion on it and if he makes a bad deal he is not allowed to balance one against the other in making up his general net income. The capital-gains tax in its present form is killing the goose that lays the golden egg. Rebellion against the unfair application of this tax is quite general. I believe the repeal of this subsection (d) will take the yoke from the neck of barter and sale with the result that more money would come into the Treasury than under the present law. At this present time the President and businessmen generally maintain that the great need is to have new capital engaged in the field of industry. New capital is shy. It is afraid. It has been pounced upon by minions of the administration as if it were a scourge to be stamped out upon first sight. Fear is the greatest detriment to trading. Confidence is the greatest stimulant to trading. Confidence is born of freedom and not of fear.

With these two amendments to the tax bill of 1936 I feel confident that a complaining public will be reassured; that business will be heartened; that the Government exchequer will be better sustained; and that we will do the one thing that, as much as anything else, will turn the tide of business on the upward grade again.

(Mr. JENKINS of Ohio asked and was given permission to extend his own remarks in the RECORD.)

Mr. FULLER and Mr. EATON rose.

EXTENSION OF REMARKS

Mr. FULLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by including a letter by William Green, president of the American Federation of Labor, addressed to the chairman of the Committee on Labor, with a copy mailed to each individual Member of the House.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The SPEAKER. For what purpose does the gentleman from New Jersey rise?

Mr. EATON. Mr. Speaker, I had in mind the same purpose that the gentleman from Arkansas has just stated.

Mr. SNYDER of Pennsylvania, Mr. VOORHIS, and Mr. THOMAS of New Jersey asked and were given permission to revise and extend their own remarks in the RECORD.

Mr. COX. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting three brief resolutions adopted by three of the great farm organizations with regard to the wage and hour bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

ORDER OF BUSINESS

The SPEAKER. Under special order of the House heretofore made, the gentleman from New York [Mr. DICKSTEIN] is recognized for 20 minutes.

Mr. DICKSTEIN. Mr. Speaker, my colleague from New York [Mr. O'CONNOR] would like to be heard first. I have no

objection to following him if it is agreeable to the House. I therefore yield precedence to the gentleman from New York [Mr. O'CONNOR].

The SPEAKER. Without objection, the gentleman from New York [Mr. O'CONNOR] will be recognized for 30 minutes ahead of Mr. DICKSTEIN.

There was no objection.

WAGE AND HOUR BILL

Mr. O'CONNOR of New York. Mr. Speaker, I have no intention of using the 30 minutes allotted to me because of a raucous voice and a throat that feels like an old-fashioned rasp. I shall defer most of my remarks until a future time, if ever. I did want to talk about a number of things, maybe "cabbages and kings," "ships and sealing wax," but I shall not do it today.

Let me take this opportunity, however, to say a few words about a matter which has been uppermost in the minds of Members and the country—the wage and hour bill.

A statement today was issued to the press, as follows:

The leadership has exhausted every possible effort to secure a sufficient number of votes in the Rules Committee to report out a resolution for the consideration of the wage and hour bill and finds there is no possibility of the bill being considered by that method.

As to the wage and hour bill, that is the situation so far as the Rules Committee is concerned; and, of course, everyone should know the situation without any delay or equivocation.

We read about the wage and hour bill every day in the newspaper. We read about it this morning in the press, and it seems to be still "confusion worse confounded." I cannot agree with the suggestion made today. As I announced sometime ago, I would personally oppose, as far as I could, any attempt to take the bill back to the House Labor Committee, because to do so, in my opinion, would jeopardize the possibility of passing the bill during this special session of Congress.

Mr. Speaker, I believe that there are two things at least this special Congress should do, and that is to pass a farm bill and a wage and hour bill. [Applause.]

There has been a lot of confusion about the wage and hour bill and the part the Rules Committee has played in it. The Labor Committee was most diligent in the matter. As I recall it, that committee got the President's message on the wage and hour bill sometime last May. The Labor Committee reported the bill a few weeks before the Congress adjourned on August 21. Thereafter an informal application was made for a hearing before the Committee on Rules, and the rule, against which a petition is now lodged at the Speaker's desk to discharge the Rules Committee, was filed with the Rules Committee less than 7 days before the Congress adjourned. The petition now at the desk, if completed with 218 signatures, would bring this bill up on December 13, which is the earliest day on which it could come up under the rules.

Since the President proclaimed this special session there have been many views on the bill from different sources—labor, the Department of Labor, and the President. Many vital changes of opinion in reference to the bill have been suggested, so that today considerable confusion reigns in reference to the measure. Why the worth-while principle involved in the measure should be so beclouded I am at a loss to understand.

Let me refer to something that many people have overlooked. What is the normal method of considering a bill in the House of Representatives? In an average Congress there will be 15,000 bills introduced. There will be two or three thousand passed out of committees. There will be 800 or so become law. It is rare that over 40 of those bills are ever brought in by the Committee on Rules. How are they handled? Of course, the Ways and Means Committee, the Committee on Appropriations, the Committee on Accounts, and some other committees have a privileged status. Then we have particular days for the consideration of bills affecting

the District of Columbia; then there is the Consent Calendar and the Private Calendar; and also we have Calendar Wednesday. Mark you the importance of Calendar Wednesday. That is the way bills are usually brought before this House; and there is no power under the sun by which the Rules Committee can stop the consideration of a bill if the advocates of the bill stay with it long enough to bring it up on a Calendar Wednesday.

Last Wednesday was Calendar Wednesday, and the Labor Committee was twenty-fourth on the call. As far as some of us knew, no committees were ready, and this bill might well have been taken up on that Calendar Wednesday, or it might be reached tomorrow, which is another Calendar Wednesday, and then considered in the usual and normal course. The friends of the bill can then stay with the bill and pass the bill, and there is very little difference between that method and taking up the bill under a discharge petition. I had hoped all along that the other committees would not take time on Calendar Wednesday during this special session, so that we might meet the wage and hour bill on Calendar Wednesday, the normal method by which bills are reached in this House.

I say this so that the leaders and the proponents of this measure may watch their chance on Calendar Wednesday, because if we stay here long enough no Rules Committee which was ever created could prevent the consideration of that bill or any other bill.

So much for the hour and wage bill. I have always hoped that it will be considered in this House, and everybody knows what some of us have done in our efforts to get it before the House.

Mr. Speaker, if I had taken my whole time I would have talked about many other things. I would have talked about our business situation, the serious recession which we have gone through in 3 months, and I, for one, do not believe we should postpone definite assurances to business.

It does not satisfy me to postpone until the regular session the necessary changes in the tax laws to relieve business of its burden. The most important thing confronting us today is unemployment [applause], which in 3 months in my own State and city of New York, for instance, has fallen to a low which is lower than that of 1929, and on account of the business situation, on account of the fear of business from taxes, the fear from Government interference, from "snooping," from "prying" into persons' private affairs. [Applause.] Oh, I am not interested in the applause on the minority side. [Laughter.] I know the Republicans are playing politics. They should not do it with misery, however. I am concerned with the situation of unemployment. You are not going to get people back to work until you encourage private business to employ people. [Applause.]

I have had a little to do with housing myself. I believe the greatest field for the recovery of America and for taking up the slack in employment is in the building of millions of homes, which we are short of in this country. [Applause.] I believe that will put more people to work than any other great undertaking we could enter into. It is all right to talk about building homes. It is all right to talk about building new houses, that there is a need for them. But what happens when you build them? Suppose you get business to go into the building of houses. Suppose you get material men to reduce their costs. Suppose you get labor to make some agreement as to an annual wage; before you can get any Government agency like the Federal Housing Administration, for instance, to agree to guarantee the mortgage on a home, they investigate the capacity of the person who is going to buy the house to pay for it, and usually over a long term of years, 20 years. They find out whether the person who is going to buy the house has a job, and a steady job. So if you do not start at the base and correct the unemployment situation and give people jobs and some stability in their jobs, you are not going to have any customers for the houses that you build. [Applause.]

The Government of the United States cannot furnish employment for 60,000,000 people. There are 5,000,000 employers in this country who furnish, on the average, employment for 10 or 12 employees each. They are the ones who furnish employment for the people of this country. It is in their behalf and in behalf of the employees of this country that I believe, before this special session adjourns, something should be done to meet the situation which is in our midst right now, a tremendous business recession or depression, practically leading up to a repetition of those calamitous days of 1929. [Applause.]

Mr. Speaker, I yield back the balance of my time.

The SPEAKER. The gentleman yields back 19 minutes.

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that the gentleman from New York may agree that his time stand, that I may have 2 minutes in which to address the House.

Mr. O'CONNOR of New York. I yield to the gentleman from Texas.

The SPEAKER. The gentleman from Texas asks unanimous consent that, notwithstanding the previous order of the House, he may address the House for 2 minutes. Is there objection?

There was no objection.

Mr. RAYBURN. Mr. Speaker, I quite agree with my distinguished friend from New York [Mr. O'CONNOR] that the two outstanding things this special session of Congress should do is to pass, as nearly as we can, a permanent farm program and a wage and hour bill. [Applause.] Every other source by which consideration of wage and hour legislation may be reached has been exhausted, by the Speaker of the House in diligence, by the chairman of the Rules Committee in diligence, by the whip of the House, and by myself. I have today done the only thing that I could do to try to help move this bill to speedy consideration in the House. I have followed the course that I trust 217 other Members of the House may follow. Today, joined by the whip of the House, the gentleman from Pennsylvania [Mr. BOLAND], I have signed the petition to discharge the Committee on Rules. [Applause.]

UN-AMERICAN ACTIVITIES

The SPEAKER. Under special order of the House the gentleman from New York [Mr. DICKSTEIN] is recognized for 20 minutes.

Mr. DICKSTEIN. Mr. Speaker, ladies and gentlemen of the House, it was very encouraging to all true lovers of this country and its institutions to hear the remarks made by the Honorable J. Wallace Leyden, judge of the Court of Common Pleas of Bergen County, N. J., wherein he stated to a number of German applicants for naturalization:

You can't be both an American and a German. You must be either one or the other. I consider membership in the German-American Bund sufficient grounds for denying citizenship.

This courageous stand by a judge of the New Jersey courts is so much at variance with a number of other judicial officers in the United States that it deserves special mention and all the encomiums which may be heaped on a public-spirited American.

It was my intention to introduce a bill which I hope will meet with the approval of the House—that membership in any organization which advocates dictatorships be a sufficient ground for denial of American citizenship. As Judge Leyden said, "It seems obvious that a person believing in dictatorships cannot also believe in the American form of government," and it is more than an insult to the intelligence of our electorate to tell us that dictatorships are a good thing for one country while America may continue as a democracy. Any such statement is merely lip service to America and not an honest expression of a person's opinion.

In our naturalization laws we saw fit to insert a clause barring from American citizenship any person believing in what advocates the principles of anarchism. We should go a step further and amend our naturalization laws so as to

bar from American citizenship any person who believes in or advocates the principles of a dictatorship, whether of the right or of the left, or any form of government which came into such prominence in Europe in the last few years under the name of fascism, totalitarianism, authoritarianism, or what-not. It is high time that our democracy take a dynamic and positive stand, rather than be left on the defensive, a prey to the winds of dictatorships which have been sweeping the world.

I must also advert, in passing, to the noble words of Viscount Cecil, the English statesman who just won the Nobel prize for peace. He stated in his speech that the democratic nations have been pursuing a rather passive policy and were not actively engaged in displaying to the world their common desire to do away with the ravages of war and to reestablish order and respect for international law among the nations of the world.

He pointed out that the great democracies of England, France, and the United States could, by pursuing a definite and active policy of peace, counteract the interference of the lawbreakers who are determined to bring about an upheaval of the existing situation in the world so as to "fish in troubled waters."

I believe every lover of peace will find food for thought in the remarks of this enlightened statesman and that all of us who believe that the last great war fought should have been the last war fought, at least as far as we are concerned, will find encouragement in this positive attitude of Viscount Cecil.

A glance at this morning's newspaper, with its scarey headlines, showing the continuous aggressiveness of Fascist powers, must convince every right-thinking American of the necessity of eliminating from within our midst any threat to peace and harmony among our own people, if we wish to present a united front to the world and if we wish to play our part in maintaining world peace.

It was not in vain that for many months past I have pleaded with my countrymen to let us have a congressional investigation to examine into the matter for a true and correct picture of all the subversive elements from within and without which are seeking to disrupt this peace and harmony prevailing among our people.

Envious eyes have been cast in many directions, including our country, by nations which are not satisfied with the existing conditions in the world, and groups of our citizens are sought to be arrayed against other groups with the desire to bring about a cleavage and destroy the well-being of our commonwealth.

And so I am of necessity compelled to turn my attention to the many subversive organizations which roam around this country at will and, under the guise of free speech, do their mischievous and destructive work in splitting our country into warring and mutually antagonistic groups. The spearhead of all these subversive forces has been directed particularly against our own New Deal and against the President of the United States. Our President is "charged" with many "crimes and misdemeanors." He is charged with having brought about peace and contentment where there was strife and dissatisfaction; he is charged with enabling large portions of our people, who have been hitherto underfed and underclothed, to find a useful place in our society; he is charged with having put business where it belongs in not permitting it to rule our Government and Commonwealth, while allowing it to play its legitimate part in the affairs of the Nation; he is charged with having permitted labor groups in this country to obtain a just reward for their work; he is charged with having sought to readjust our tax structure to suit the real needs of this country; he is charged with having permitted the people as a whole to have a voice in the government rather than listen to the chosen few who were the "advisers" of his predecessors. In short, the "crime" of our President consists in having listened to the voice of the com-

mon people and trying to aid the common man and the underprivileged and in so shaping our legislation as to afford a measure of social justice to the masses.

It is clear that these voices of malcontents which were heard so profusely in the public press and on the public platform in the last few weeks have been seized upon and exploited by all these subversive elements, which I had occasion to heretofore expose on the floor of the House and elsewhere. It is these same subversive elements which are pouncing upon our President, ridiculing our statesmen, and setting at naught their efforts to so readjust our American life as to bring contentment to the masses and new hope to the underprivileged.

I found it to be invariably true that subversive elements will attach themselves to every unprogressive and illiberal action and will always be found in the ranks of the stand-patter and reactionary.

Mr. Speaker, in order to follow up a recent speech of mine, *Fascism Marches On* in the United States—and it has marched on to a great extent since last I spoke on this floor at the last session—I respectfully now make the announcement that the un-American activity groups, known as the German bund—and by that I do not mean the German people or American people of German extraction—have now opened their twenty-fourth camp at Stamford, Conn., known as Camp General von Steuben, and this camp, consisting of 180 acres of ground, is to be one of the largest camps for fascism in these United States of America.

I also want to call your attention to the fact that there is another camp, which will make the twenty-fifth, to be opened within the next month. It is now being negotiated for on the outskirts of New Haven, Conn., which will be a plot of ground containing 150 acres. That will make the twenty-fifth camp in the United States teaching fascism, and building a Fascist army in this United States.

I do not think that the Congress of the United States is taking this matter up with sufficient seriousness. When you tell me that it cannot happen here, I do not quite agree with you. It is happening here every day in the week. You now have 25 camps in the United States with a membership of 450,000 men, and you have a membership of almost 100,000 women who joined the menfolks in these various activities which tend to upset our form of government in one form or another.

At this point, Mr. Speaker, I beg this House, if I may be permitted, to extend my remarks and to include therein an article by the *New York Times Magazine*, dated November 21 which gives the results of an investigation of nazi-ism. It gives a full picture of what is going on in this country and other parts of the world. When you read that statement you will be convinced that we have a menace within our own borders.

Mr. Speaker, I ask unanimous consent to insert in my address at this point the article published by the *New York Times Magazine*, one of the very responsible newspapers of this country.

The SPEAKER pro tempore (Mr. STARNES). Is there objection to the request of the gentleman from New York?

Mr. COX. Mr. Speaker, reserving the right to object, and I do not intend to, will the gentleman permit me to ask a question?

Mr. DICKSTEIN. Gladly.

Mr. COX. Does not the gentleman think that his position would be very much strengthened if he would broaden his resolution to cover the Communists, who are quite as active, if not more so, than the Fascists?

Mr. DICKSTEIN. I hope to enlarge this investigation, and I ask the gentleman's support on the Rules Committee. He was very kind to me the last time. I will broaden it to include all of them.

Mr. COX. I am very much interested in the matter which the gentleman is discussing, but I think the danger

to this country is not so much from the Fascists as it is from the Communists who are carrying on a very much wider campaign.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The article referred to is as follows:

[From the New York Times Magazine of November 21, 1937]

HITLER ENLISTS THE GERMANS EVERYWHERE—TO ENHANCE THE POWER OF THE REICH THE NAZIS PROCLAIM THE NEW THESIS OF THE RACIAL STATE

(By Otto D. Tolischus)

BERLIN.

Adolf Hitler came to power in Germany through a hectic campaign against bolshevism, democracy, and the Jews. The same kind of campaign is now being waged on an international scale to carry Germany to power in Europe. But like most campaigns of hate, this one has also turned against its authors, and for millions of Germans scattered throughout the world it has turned into a boomerang that is threatening their existence.

In most countries today, whatever their attitude toward the objects of National Socialist attacks, it is the National Socialists themselves who are regarded with increasing suspicion. Almost all countries are beginning to adopt precautionary measures against them. In many, including that other German State, Austria, all native National Socialist organizations have been suppressed; in others, including the United States and Great Britain (but also Germany's friends, Poland and Hungary), police and parliamentary investigations of National Socialist activities are common; and on the European Continent the whole German element outside the Reich, whether National Socialist or not, is being subjected to increasing restrictions that are matched only by the treatment of the Jews in Germany.

So keenly is this development felt in the Reich that the spokesmen of the regime, from Hitler downward, are taking every opportunity to assure the world that national socialism is not imperialistic and to ridicule the idea that every German servant girl abroad is a disguised Gestapo agent or a spy. At the same time Baron Constantin von Neurath, Germany's Foreign Minister, has served notice on the world that the Third Reich will tolerate no discriminatory measures against National Socialists abroad, and Dr. Hanns Frank, Reich Minister and juridical leader, has threatened retaliation against states making national socialism a crime.¹

One reason for this growing anti-Germanism is the intense nationalism sweeping all countries in Europe. Faced with the possibility of a "totalitarian war," each nation has become suspicious of every other nationality within its sphere of power, and the life of national minorities has become more precarious than ever.

Another reason is that every ideological front creates a counter-front: faced with the dictum of the dictators that "the Europe of tomorrow will be Fascist,"² those unwilling to surrender are organizing to defend themselves.

But the deepest reason, which impelled even tolerant countries to take measures against the "National Socialist peril," must be sought in another realm, and that is the conception of the state and nation introduced by Hitler as a new element in the modern world. Heretofore—in Germany especially, but also elsewhere—the state was conceived in the Hegelian sense as the final unit of human organization, which, by virtue of that character, claimed sovereignty. Within that state all nationalities, races, and creeds were supposed to find their home, and every ambition looking beyond that state was "imperialism," still so regarded by Fascist Italy.

Hitler's doctrine disclaims "imperialism" based on the conquest or "Germanization" of subject races, although it does not exclude colonies and even calls for the "Germanization" of alien land when needed.³ But it also disclaims the state as the final organizational unit and puts in its stead a new organism, namely, the nation, or better still, the "race" as determined by the homogeneity of "blood."⁴

In doing so, it goes far beyond the national urge which led to the unification of the national states of today; even beyond the doctrines of the Pan Germans. It not only envisages the unification of the solid bloc of Germans in central Europe according to the dictum that "like blood belongs within a common Reich,"⁵ but it includes in the new organism every member of the "race" wherever he may be and to whatever state he may belong. It puts all of them—legally if they are Reich citizens, morally if they are citizens of another state—under an "inborn" tribal law⁶ which obligates them to a new loyalty and a new discipline within an "indissoluble community of blood and destiny uniting the Ger-

mans all over the world,"⁷ and treats every frondeur as a "traitor" or a "renegade."⁸

All statesmen agree that, above reason or self-interest, every state that courts permanence must be animated by some integrating principle of almost religious authority, able to command super-rational loyalty and support; and that, where such a principle is lacking or has disappeared, a new one must be created or the state perishes. Racism, raised to mystic heights, is Hitler's method of integrating the German people, not only into a state but into a "superstate" community,⁹ inspired by the community of the Anglo-Saxon world, but organized with German methods in order that there may arise the "Germanic Reich of Teutonic nationality" proclaimed by Hitler at Nuremberg this year.

"Had the German people possessed that herdlike unity which served other nations so well," says Hitler in his book, "the German Reich would today be the mistress of the earth."¹⁰

This racialism, which envisages an ideological empire surpassing all state borders, is not a biological but a political and juridical construction, designed to fit the special situation of a people conceived as a national unit owing allegiance to one central authority but scattered all over the world. It thinks in terms of a nation of 100,000,000, of whom only 67,000,000 live within the borders of the Reich—a nation whose language every sixth European speaks as his mother tongue, but which, even in central Europe, is divided among 15 different states.¹¹

To mobilize these millions outside of the Reich, from which he himself had come, Hitler had to find another principle than the "etatism" of the pre-war period, which, despite the various "pan" movements, thought in terms of states and governments rather than of a whole people; and racialism was the answer to his prayer.

In that sense German racialism represents the other side of German anti-Semitism, on which it was nurtured. Like most nations of today, what is known as the Deutsche Volk is in itself a hybrid people,¹² composed of Germanic, Celtic, Slavic, and Lithuanian elements; even the name of Prussia comes from a Lithuanian tribe.¹³ Being a political construction this racialism was also reared only on attacks against races without political power behind them principally the Jews; the Japanese and Chinese Governments quickly put a stop to any discrimination against their nationals. But as long as National Socialist racialism remains a useful weapon, anti-Semitism, its counter pole, must also remain a fundamental doctrine of the National Socialist regime.

To reach its aims, however, racialism must also have a worldwide organization and an instrument of power. The first is the National Socialist Party and its associated bodies, which provide the new ideology with a "fighting representation, just as the Marxist Party organizations free a path for internationalism";¹⁴ the second is the totalitarian state which is merely "a means toward an end," the end being "the maintenance of physically and spiritually homogeneous living beings."¹⁵

By aim and nature both state and party exclude every alien racial element, but, conversely, make every German eligible to high positions in them irrespective of place of birth or citizenship. Hitler himself was born in Austria; Rudolf Hess, his party deputy, was born in Egypt; Richard Darré, the food minister, in the Argentine; and Ernst Wilhelm Bohle, the foreign office chief of the party's foreign organization, in England. And party, government, and German Reichstag contain numerous Germans of foreign citizenship who merited preferment by services to the National Socialist cause, even if in doing so they incurred the displeasure of their native states.

It is in this all-inclusive and totalitarian sense that all National Socialist pronouncements and demonstrations must be viewed. "Blood knows no borders" is the National Socialist slogan, and the same thought swings between the lines of most official National Socialist speeches. But the most complete exposition of the racial doctrine has been penned by Josef Huenerfauth in an article in the N. S. Z. Rheinfront, an organ of advanced National Socialist thought, in which he writes:

"Primarily we are not citizens of States, but racial comrades. The certificate of State citizenship is an easily exchanged possession, but membership within one's people is something immutable, granted by God. . . . Proceeding from the racial realization, we include in the league of national comradeship all who are of German blood. In addition to those who live in the Reich we count the many millions of tribal brothers whom fate has scattered all over the world. This produces a great community of German kind, which has its members in all states of the world, and which finds its proud refuge and kernel in the Reich of Adolf Hitler. . . . There lives a law which unites beyond borders and distances, and that is the law of blood brotherhood."

¹ Dr. Wilhelm Frick, Minister of the Interior, in proclamation on Day of German Folkdom, September 17, 1937.

² Ernst Wilhelm Bohle, foreign office head of the National Socialist Party's foreign Gau, in speech at Stuttgart, August 30, 1937.

³ Frick, in speech before German Foreign Institute in Stuttgart, August 14, 1937.

⁴ Volksdeutsche Arbeit, issued by the People's League for Germanism Abroad, 1937, p. 4.

⁵ Mein Kampf, pp. 437-438.

⁶ Language map of central Europe, by Dr. Friedrich Lange.

⁷ Mein Kampf, p. 43.

⁸ Brockhaus, Handbuch des Wissens, 1922.

⁹ Mein Kampf, pp. 422-423.

¹⁰ Ibid., p. 433.

¹ Proceedings of Stuttgart Congress of Germans Abroad, August 29 to September 5, 1937.

² Mussolini in Berlin speech, September 28, 1937.

³ Hitler's "Mein Kampf," pp. 1, 430.

⁴ Ibid., p. 421.

⁵ Ibid., p. 1.

⁶ Das Neue Strafrecht, by Dr. Franz Guertner, Reich Minister of Justice, and Dr. Roland Freisler, State Secretary in the Reich Ministry of Justice, p. 42.

This means that there shall be no further naturalization of German citizens abroad, and where other citizenship has been acquired or enforced the perpetuation of the hyphen to the child and children's children.

And the final implications of that doctrine are drawn by those publications which object to the restriction of the term "Germany" to the German Reich¹⁷ or advocate the exemption of citizens of foreign nationality in a war against a state of their own nationality as the only solution of the "dilemma between treason to the state and treason to the race."¹⁸

"This standing together of Germans with Germans," says the *Voelkische Beobachter*, "may be an unwonted sight here and there in the world. But it has become a fact. It will have to be accepted."

And it will have to be accepted because, as is so often emphasized in all National Socialist speeches, the Germany of Adolf Hitler is no longer the Germany of Versailles, but, rather, "thanks to her racial attitude and her military strength, a world power governed by a sovereign national regime."¹⁹

By its nature the doctrine of racial solidarity above all state borders is a powerful lever against the solidarity of all other states with German elements, whether these states are purely German, like Austria, or "nationality states," like Czechoslovakia, or "melting pot" states, like the United States and Brazil. But it is also part of the Hitler doctrine that only national states serving the purpose of racial development have a right to existence. "States which do not serve this purpose are misconstructions, even deformities, the fact of whose existence affects this statement as little as the success of a filibustering community, for instance, justifies robbery."²⁰

At the same time, the National Socialists are not only prophets of a new dogma but also political realists who believe in politics as the "art of the possible." Hitler, in particular, is regarded by his followers, to use his own words, as that rare combination of "program maker and politician which arises only once within long periods of humanity"—a combination in which "the greatness of the program maker lies in the absolute abstract rightness of his idea, while the greatness of the politician lies in his right attitude toward the existing facts, and an efficacious use of them, in which the aim of the program maker must serve as his guiding star."²¹

And Dr. Joseph Goebbels, Minister of Propaganda, is constantly exhorting the German people to think and act "politically"; to realize that in politics they must at times be "wise as serpents and harmless as doves", because history decides right or wrong, not according to the methods used but according to success.

Now the reality facing National Socialist racialism is the existence of other states which exercise sovereignty over all their citizens and residents, including those of German race. This reality forces the National Socialist regime, both party and government, to separate theory from practice and to make a strict distinction between Germans of German citizenship living abroad and Germans of foreign citizenship, to which may be added as a third category the "lost tribes" of Germanism, such as the Netherlands, Scandinavians, and German-speaking Swiss.

This distinction is rarely stressed in National Socialist speech or writing, which almost invariably address themselves to the "nation of 100,000,000," and it is almost unknown among the Germans abroad. All kinds usually attend the Pan German congresses and have, by special appointment of Hitler, their own home capital in Stuttgart. But for legal and diplomatic purposes the three categories are strictly separated in name and organization as follows:

The Germans of German citizenship living outside the Reich are called "Auslandsdeutsche" and are organized in a foreign Gau, or province, ruled by the Foreign Organization of the National Socialist Party (N. S. F. O.) and headed by Ernst Wilhelm Bohle as provincial governor. The foreign gau is formally anchored in the German state through the appointment of Bohle as "chief of the foreign organization in the foreign office." As such he was placed under the personal and direct authority of the foreign minister. The greeting of the "Auslandsdeutsche," who by Bohle's dictum are all National Socialists,²² is "Heil Hitler!"

The Germans of foreign citizenship are called "Volksdeutsche," or "racial" Germans; the organization which "takes care" of them is the "Volksbund fuer das Deutschtum im Ausland," meaning the People's League for Germanism Abroad, or more briefly, the V. D. A. It is technically a private organization, financed by membership fees and tag-day collections, the token of which is the modest cornflower. But in contrast to the N. S. F. O., its work must be "quiet and without loud propagandistic effects" because of foreign opposition at the scene of action.²³ The greeting of the Volksdeutsche is "Volk Heil!"

Cooperating with both these organizations is the German Foreign Institute in Stuttgart, now headed by Dr. Stroelin, the burgomaster of the town. It is the scientific institute for Ger-

manism abroad; it has a library of 45,000 volumes, keeps 800 German newspapers and 400 magazines, and maintains correspondents in all parts of the world.

The only organization existing for the larger Germanic community, as distinct from the "deutsche," is the Nordic Society at Luebeck, headed by Hinrich Lohse, the local provincial governor. It is a propagandistic organization in which the leading National Socialist orators expound the idea of Nordic solidarity.

The foreign Gau has a population of between 2,000,000 and 3,000,000, consisting of the German citizens living abroad and some 70,000 sailors. It has been created on the legal principle that "the penal laws of the Reich apply to offenses committed by a German national at home or abroad,"²⁴ which means that the Third Reich extends jurisdiction over its citizens all over the world, and that they remain subject to its laws, including, of course, the racial segregation laws, wherever they live. It is merely a slight extension of this principle to assert that "whatever the Germans have to settle among themselves," even when abroad, is merely a German "domestic" affair.²⁵

Organizationally the Foreign Gau consists, first, of an elaborate headquarters in Berlin with 32 subdivisions including a press office, a Gau court, and 8 regional offices, among which that for North America is the sixth; second, of 1,097 seafaring and 548 local groups or "supporting points" all over the world. There are none, it is stated, in the United States and Soviet Russia, but in 45 countries the individual groups are comprised in regional organizations under "land group leaders."

The project advanced by Bohle to give these group officials recognition by providing for their invitation to official functions in foreign lands in company with German diplomatic representatives,²⁶ and the additional project of sending "kultur attachés" abroad, advanced by Hanns Johst, president of the Reich Chamber of Literature,²⁷ have since been dropped in that form because of immediate foreign opposition; but the Swiss press points out that a successor to the assassinated Wilhelm Gustloff, land group leader for Switzerland, has been appointed—Baron Von Bibra, German legation counselor at Bern.

According to Bohle these groups of the N. S. F. O. are in character and work analogous to the clubs, associations, and leagues of other nationals in foreign lands.²⁸ And it is constantly emphasized, first, that these particular groups are for German citizens only; second, that all German citizens abroad are under strict instructions to obey the law of the land and to keep out of its domestic politics; third, that far from trying to infiltrate the National Socialist "poison" into foreign nations, Germany is jealously intent on keeping national socialism for herself.²⁹

At the same time the N. S. F. O. groups abroad are also supposed to be both combative and totalitarian. It is their task, first, "to propagandize and fight day by day for the adhesion of every honest German to our movement";³⁰ second, to displace the older German clubs and Vereins of "unpolitical" character and thereby provide for all Germans abroad a totalitarian cell or "ersatz framework" of the Third Reich;³¹ third, to promote German prestige, interests, and exports abroad, and, in particular, displace Jewish commercial representatives of German firms.³² The sport periodical which urged Germans traveling abroad to note roads and landmarks exceeded, therefore, the official instructions.

Furthermore, being both National Socialist and totalitarian, the foreign groups of the party are by no means voluntary associations, and an assertion that they were contained in the translation of Bohle's speech in London as furnished to the British press was not contained in the speech itself.³³ "We organize more thoroughly, perhaps, than others," said Hess; "we are, after all, Germans."³⁴

To organize successfully, however, there must be, first of all, organizers and, secondly, reward and punishment for those to be organized.

The organizers are now trained in a special "foreign political training school," founded by Alfred Rosenberg, the supervisor for the ideological indoctrination of the National Socialist movement. They are jurists, economists, commercial agents, scientists; of high technical efficiency and a knowledge of both French and English, who undergo another 6 months' training in National Socialist ideology, foreign policy, bolshevism, Germanism abroad, racialism, press, languages, society manners, and sport. Graduation from this school assures them either admission to examinations for the foreign diplomatic service or employment in German business organizations abroad.³⁵

¹⁷ Guertner and Freisler, p. 42.

¹⁸ Dr. Goebbels, in speech at Stuttgart, September 4, 1937; Bohle, in speech before German colony in London, October 1, 1937.

¹⁹ Berliner Tageblatt, August 22, 1937.

²⁰ Bremer Nachrichten, September 5, 1937.

²¹ Bohle, in London speech.

²² Rudolf Hess, in a speech at Stuttgart, August 30, 1937.

²³ Dr. Emil Ehrlich, Die Auslands-Organisation der N. S. D. A. P.: Ten Commandments for Germans Abroad.

²⁴ Ibid., p. 13.

²⁵ Hermann Goering, in speech at Stuttgart, September 2, 1937.

²⁶ Manchester Guardian, October 2, 1937.

²⁷ Hess' speech at Stuttgart, August 30, 1937.

²⁸ News Bureau of German Newspaper Publishers, October 15, 1937.

²⁹ Friedrich Koepf, in Deutsche Arbeit, May 1937.

³⁰ C. von Kuegelgen, ibid., June 1937.

³¹ Hitler, speech during meeting with Mussolini, September 28, 1937.

³² Mein Kampf, p. 434.

³³ Ibid., pp. 230-231.

³⁴ Bohle, in Stuttgart speech.

³⁵ Volksdeutsche Arbeit, issued by the V. D. A., 1937.

As to reward and punishment, all German citizens abroad loyal to the cause receive full backing and support of their government, which also controls the business organizations of the Reich. They can count on the support of the German press abroad, which comprises 37 newspapers and periodicals, including 14 official party papers; and they find other benefits in conformity, such as material aid and credit in business and relief in distress; free vacations and cures for their sick, and schooling for their children within Germany; also, an adequate supply of German reading and films, and cheap vacation trips with the "Strength Through Joy" agency; finally, liberty to return to the Reich.

Those, on the other hand, who refuse to be "coordinated" must count on the boycott of all their organized fellow citizens. If they still refuse, their passports may be withdrawn, and if that fails to convert them, they are likely to be deprived of their citizenship and any German academic degrees they hold. The long lists of those so treated, continuously published in the official Gazette, are tokens of the power wielded by the group leaders abroad. And if a prominent German should change his citizenship, he may count on denunciation as a "traitor" in the home press.³⁶

But the real value of the N. S. F. O., beyond the mere "coordination" of the two-million-odd German citizens abroad, is perhaps best expressed by an article on Bohle in the September 2, 1937, issue of the *Deutsche Weckruf und Beobachter* of New York, which must be considered an authority on the subject. It writes:

"The creation of this organization, the round 600 groups of which are scattered all over the world * * * is one of the boldest strokes of racial policy. That it succeeded is an achievement the consequences of which for millions of German descent beyond the borders of the Reich, and conversely, for the development of the Reich itself, cannot yet be estimated.

"Thanks to the steadily increased and improved work of the Foreign Organization, the life of the German racial community in all foreign countries received a firm nucleus which is strong enough to withstand, if necessary, the heaviest strain, and elastic enough to meet all peculiarities of the respective locality. All those who are sincere about our Germanism abroad have long since realized and gladly admit that we owe in increasing measure the assurance and resurgence of our racial life in the midst of foreign nations of this nucleus and to the strong national Socialist spirit which animates the entire Foreign Organization."

Although, therefore, the N. S. F. O. comprises only citizens of the Reich, it naturally becomes the center of life for all those Germans of foreign citizenship who are won for German racialism. And that they shall be so won is the task of the V. D. A.

The V. D. A. was founded as far back as 1882, but before German racialism arose it devoted itself mainly to cultural and school work. When it tried to continue along that line after Hitler came to power, certain "tensions" arose which have since been removed, so that it is now "in close contact with the whole life of the nation, with race, state and (National Socialist) movement,"³⁷ it has devoted itself to the revitalization of German racial consciousness everywhere in order to prevent further assimilation.

"We want to grow up with all Germans to a nation and demand that all questions of our national existence shall be viewed in the extent and operation of our whole superstate racial body," says the last annual report of the V. D. A. "In admiration and deep faith, our racial comrades in foreign States look up to the Reich and its Fuehrer. They feel the unity of blood, which is the foundation of the new German life."³⁸

To keep this blood pure, the German element abroad is urged to segregate itself from the surrounding "alien" populations as a minority, in the same way in which the German people within the Reich have been segregated as a majority, unless the urgent need of votes requires sacrifice;³⁹ for "in future, German blood shall serve German interests only."⁴⁰

Like the N. S. F. O., the V. D. A. also has an elaborate headquarters organization in Berlin, headed by Dr. Hans Steinacher, an Austrian, and manned by other Volksdeutsche. But being a Reich organization concerned with foreign citizens, it cannot work abroad through branches or individuals. For this reason it works with organizations formed by the Volksdeutsche in the native lands, rendering them spiritual and material aid in cooperation with the Reich.

These organizations range from hunted catacomb groups in Italian South Tyrol to the *Amerikadeutsche Volksbund* in the United States, which has its own uniformed storm troops, girls' organizations, mass meetings, and a fighting press modeled on the National Socialist press of Germany. Midway between them stands the illegal but very active National Socialist Party of Austria, although that organization is more a matter for the N. S. F. O.

But there are many other kinds of organizations—school associations, Turnvereins, youth organizations, and, last but not least, the church, with which the V. D. A. cooperates as far as the individual States will let it. The school associations are provided with funds, books, and teachers; the business organizations are furnished with credits and are favored with German purchases; students, artisans, and apprentices are brought to Germany for their

last polish; and Volksdeutsche peasants are brought to the third Reich at its expense just to see its power and glory.

Conversely, working in cooperation with other parts of the national socialistic propaganda machine, the V. D. A. is instrumental in sending out to the Volksdeutsche abroad speakers, books, magazines, phonograph records, personal letters appealing to ancestral loyalties, and a radio program which ranges from classical music to the speeches of the national Socialist leaders.

Also, inasmuch as other States are beginning to bar Germans from the professions the V. D. A. now concentrates on the lower social strata of the Volksdeutsche, and here "German racial study" and "German home movements" have been most effective. In the United States, for instance, they led to the discovery of a half-assimilated German farmer population which is now being reclaimed for Germanism.⁴¹

The aims of the V. D. A., it is stated, have been furthest advanced in Central Europe, especially in Czechoslovakia, where Konrad Henlein, who rose from the Bohemian Turnvereins, now commands the biggest political party in the state. But it is also pursued with vigor in lands overseas; in America it has attained proportions which already prompt German-American speakers to repudiate the melting-pot idea in favor of a permanent "German-Americanism,"⁴² while popular German authors predict America's division in more or less autonomous racial units as the "United Nations of America."⁴³

Mr. DICKSTEIN. Mr. Speaker, as I have stated, I have taken the floor on this subject a number of times. I am not seeking to exempt communism, fascism, or any of the other "isms"; I say that all of them ought to be investigated. We ought to get together and find some method by which we can get this resolution through, because it is my honest opinion as a Member of this body that at the present time this country is not at rest; for aside from the terrible unemployment situation there is the fact of the existence of these subversive movements from without, disturbing our own citizens within our own borders.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. RICH. Does the gentleman not fear that if he adds too many things to his request for an investigation that he might fail to get it through? While I am in sympathy with the investigation the gentleman from Georgia desires, yet I sometimes question whether we ought to broaden the scope of the investigation for fear we get none.

Mr. WARREN. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. WARREN. Does not the gentleman know that a very complete investigation of this same subject is now being conducted by the Bureau of Investigation under Mr. J. Edgar Hoover? Does not the gentleman know this to be a fact, and that it is a very complete and exhaustive investigation?

Mr. DICKSTEIN. My colleague from North Carolina wants an answer, does he not?

Mr. WARREN. I do.

Mr. DICKSTEIN. I am cooperating with the Department of Justice. They are investigating the camp situation only. I am doing everything I can to throw every possible light on it for the purpose of a proper check-up on the number of camps, and so forth. I have been cooperating with them; in fact, I have an appointment with them this afternoon.

May I not say further to the gentleman from North Carolina, as I have stated to the House on other occasions, that the Department of Justice has no power of subpoena or right to put witnesses under oath, and that they have no power to go beyond the making of the ordinary investigation you or I would make in finding out how many camps there are in this country. I assure the gentleman that as far as I am concerned I am doing everything I can to bring back from the Department of Justice a complete and thorough report on these subversive camps in this country.

Mr. WARREN. If the gentleman will permit, I may say that Mr. J. Edgar Hoover advises that his investigation will be completed some time in the first few weeks of January. If Mr. Hoover's investigation shows anything requiring legislation, why cannot the gentleman from New York or some

³⁶ Der Stuermer, October 1937, regarding Marlene Dietrich's naturalization.

³⁷ Volksdeutsche Arbeit, 1937, p. 5.

³⁸ Ibid., pp. 4, 7.

³⁹ V. D. A. Yearbook, 1937.

⁴⁰ Neues Volk, October 1937.

⁴¹ Volksdeutsche Arbeit, 1937, p. 24, and Dr. Norbert Zimmer, before German Table Round, Cleveland, Ohio, March 6-7, 1937.

⁴² Dr. Herbert S. Reichle, before German Table Round, Cleveland, Ohio, March 6-7, 1937.

⁴³ Colin Ross, America's Hour of Destiny.

other Member introduce suitable legislation and have it passed rather than asking for another investigation on the subject?

Mr. DICKSTEIN. With all due respect to my friend from North Carolina, I think he takes the wrong premise when he presents that kind of argument. All the laws in the world will not stop communism, fascism, and the other isms. We have got to find out where the money is coming from, and money is coming in from both outside and inside. We have to find out the number of men they have acting as spies—for I so designate them—in this country. There are hundreds of them. We must determine a lot of vexing questions, more than the gentleman imagines, and it cannot be done by all the laws we may pass here. We must know something about what they are doing before we can present an effective piece of legislation on this floor.

Mr. DIES. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. DIES. Assuming that some bureau is conducting an investigation, that does not relieve us of our responsibility also to conduct an investigation, does it? In this connection permit me also to say that right now in the United States different foreign groups are engaged in propaganda work to get us to sympathize with certain foreign countries. Some want us to help England, some want us to help Italy, some want us to help Germany; so it seems to me it would be a good thing to expose all this activity and let some of these misguided idealists travel along their own roads.

Mr. WARREN. If the gentleman from New York will permit, according to the gentleman's theory congressional ballyhoo by means of investigation is more important than legislation on the subject.

Mr. DICKSTEIN. May I request my friend from North Carolina [Mr. WARREN] not to think in dollars and cents. Just consider the reasons. A congressional investigation together with the power of subpoena can produce certain people who are a menace to democracy and who are a menace to everything for which our Constitution stands. You cannot do this without subpoenaing certain people. There are some who will come down and give you testimony, but there are other people you cannot do anything with. In other words, what I am trying to say to the Members of the House is that I have a list of several hundred people who ought to be brought before a committee of Congress in order to find out why they are in this country. We ought to find out the amount of money they have been spending, as well as the membership in these fascistic organizations. We ought to find out about their other activities in this country. We ought to find out all about them. We must do this before an intelligent law can be passed. You cannot stop rats in a cellar even if you pass a thousand laws. I say to my colleagues here that in order to bring the rats out of the cellar you have to expose them; you have to examine them; and you have to educate public opinion that this or that person is in this or that part of the country is doing something which is not for the best interests of democracy.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. DICKSTEIN. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. This is somewhat different from certain other questions. I am curious to know about these camps. There are none in my section of the country that I know of. I take it they are all located near the large cities of the country. Now, here is what I want to ask: How do these camps conduct themselves? Do they run counter to police regulations? Do the police authorities find fault with that? Do they openly flout our flag?

Mr. DICKSTEIN. Let me answer the first question. They are organized in Ohio. They have not a camp there, but there will be a camp in Ohio very soon. There are two units in Ohio with a membership numbering in the thousands. I have prepared a map showing the set-up in this country. The country has been divided into three parts and, as I said a moment ago, they will come to Ohio. They are bragging about putting a camp in every section of the country. They have two organizations in the State of Ohio,

and I shall be glad to cooperate with the gentleman in giving him the locations.

Mr. JENKINS of Ohio. Then answer the other question as to how they behave.

Mr. DICKSTEIN. The behavior is the philosophy of worshipping a dictator. These people are all in uniform and the uniforms are foreign. They are taught to worship a foreign flag. They are taught to goose-step and to be ready for an emergency in the event of war. They are not taught American history. You cannot find American textbooks in their camps. They are, however, told all about the great wars in which Germany and other countries have been engaged. Our Yankee children are taught the same thing; that is, the worship of the swastika. There is not an American flag in some of these camps. The only time you will find an American flag is on a Sunday when they have a public parade, during which time the public sort of snoops or looks around. Then you will find a little flag, together with thousands of foreign flags.

Mr. JENKINS of Ohio. What nationality are these people?

Mr. DICKSTEIN. They are alien Germans and naturalized American citizens who have come here for the purpose of building up this great army. There are a number who were born in this country who have joined this movement because they are afraid their relatives might be put into concentration camps abroad if they do not join. Then there are the Black Shirts, numbering 50,000 to 100,000. We have so many names and so many shirts that I cannot keep up with all of them.

Mr. JENKINS of Ohio. Why does the gentleman put the Fascists and Nazis together? They do not believe in the same thing.

Mr. DICKSTEIN. The White Russians have combined with the Nazis, and I have documentary proof right here that they have joined hands.

Mr. McCORMACK. Will the gentleman yield?

Mr. DICKSTEIN. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. In answer to the last question, may I say it is immaterial as to what the name is. It is the substance. Nazi-ism and fascism are nationalistic dictatorships. It is a reaction to international movement of communism. The name is immaterial. In substance they are both of the same school of political science, if we might call it such. I do not know if that answers the gentleman's question, but that is my opinion as a result of my study. It is a nationalistic reaction along dictatorial lines and against the communistic movement.

May I call the gentleman's attention to another great democracy? In substance, the English Government is a democracy, the same as ours. The form is different, but the substance is the same. They had a similar problem over there, in which the English Fascist movement was bringing about public disorder. The British Parliament passed a law prohibiting the wearing of uniforms of a political nature on certain occasions. Of course, the drafting of a law over here along those lines would be more difficult than in England, with our sectional problems, but nevertheless I make reference to that fact to show what another great democracy, England, did to meet the problem on the theory if you take the attraction in the form of a uniform away there is a great deal less interest in the movement. The amazing thing is that experience has shown since the passage of the law the concept of the law was found to be substantially correct.

Mr. RICH. Will the gentleman yield?

Mr. DICKSTEIN. I yield to the gentleman from Pennsylvania.

Mr. RICH. Can the gentleman put into the Record the findings of the newspaper reporters in Chicago to substantiate his claim that this movement is going on in this country, so that it will give double emphasis to the Members of the House that they should support the gentleman's resolution?

Mr. DICKSTEIN. Mr. Speaker, I was coming to that point.

The Chicago Times, an independent newspaper, employed independent investigators of its own and had them join various bunds or fascistic organizations. The investigators returned with a report which indicated that I have not understated my case, to the effect that this country is infested with persons engaged in un-American activities, and particularly by such groups as these. It would be impossible to put all these articles into the RECORD, because I think there were about 20 of them. However, I am going to put in enough of the articles dealing with the Chicago Times on some later date to sustain the position which I have been taking alone for 3 long years until only recently a number of my colleagues have commenced to realize the importance of my fight.

I also want to call your attention to a magazine article which was published only a few days ago by the New Yorker, namely, on November 20, 1937, a copy of which I hold in my hand. This magazine made an investigation, and almost admits we had better wake up and stop this ballyhooing and trying to be economical in fear that a couple of thousand dollars might be spent, even though it would save this country from a serious menace. [Applause.]

[Here the gavel fell.]

Mr. ELLENBOGEN and Mr. KOPPLEMANN rose.

Mr. ELLENBOGEN. Mr. Speaker, I make the point of order a quorum is not present.

The SPEAKER pro tempore (Mr. STARNES). The Chair will count. [After counting.] One hundred and forty Members are present, not a quorum.

Mr. RAYBURN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 6]

Aleshire	Cullen	Hartley	Parsons
Allen, Del.	Cummings	Hildebrandt	Pfeifer
Atkinson	Dempsey	Hill, Ala.	Ramspeck
Barton	DeRouen	Holmes	Reed, Ill.
Beiter	Disney	Jarrett	Robertson
Boylan, N. Y.	Dockweiler	Johnson, Minn.	Shafer, Mich.
Brooks	Douglas	Keller	Simpson
Buckley, N. Y.	Drewry, Va.	Kennedy, N. Y.	Sirovich
Byrne	Driver	Keogh	Somers, N. Y.
Caldwell	Edmiston	Kniffin	Sullivan
Cannon, Wis.	Fitzpatrick	Kvale	Tinkham
Cartwright	Ford, Calif.	Lanneck	Walter
Celler	Fulmer	McGranery	Weaver
Clitron	Gasque	Mansfield	Wene
Clark, N. C.	Gifford	Martin, Mass.	Whelchel
Claason	Greever	Mead	White, Ohio
Cole, Md.	Hancock, N. C.	Meeks	Wolfenden
Costello	Harlan	Nichols	
Crowther	Harrington	Palmisano	

The SPEAKER. Three hundred and fifty-five Members have answered to their names, a quorum.

On motion of Mr. RAYBURN, further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mr. DICKSTEIN. Mr. Speaker, the gentleman from Pennsylvania [Mr. ELLENBOGEN] made the point of no quorum just as I was about to ask unanimous consent to extend my remarks in the RECORD by inserting some extracts from a report published by the magazine the New Yorker. I now make that request.

The SPEAKER. The gentleman from New York asks unanimous consent to extend his remarks as indicated by him. Is there objection?

There was no objection.

Mr. WOODRUFF asked and was given permission to extend his own remarks in the RECORD.

Mr. SHORT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a radio address delivered by me.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. WHITTINGTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an address delivered on yesterday, November 22, before the Mississippi Valley Association.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that at the expiration of the special orders today I may be allowed to address the House for 15 minutes.

The SPEAKER. The gentleman from Texas asks unanimous consent that at the expiration of the existing orders for the day he may be permitted to address the House for 15 minutes. Is there objection?

There was no objection.

Mr. COX. Mr. Speaker, I ask unanimous consent to address the House for one-half minute at this time.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

(Mr. Cox asked and was given permission to revise and extend his remarks in the RECORD.)

Mr. COX. Mr. Speaker, complete analysis of the wage and hour bill cannot be made in a single address. Facts from which conclusions are drawn cannot be fully developed. Of necessity, I shall have to content myself with the effort to excite individual examination of the bill and the arguments offered in its support.

That the bill proposes the greatest single step towards centralized bureaucracy yet taken in the history of the Nation, no one disputes. That the principle sought to be established infringes upon States' rights and local self-government, is admitted.

That the bill sets up a board with a multitude of inspectors, snoopers, counsellors, and other agents, particularly susceptible to partisan abuses and political manipulation, and would throw all business and industry into the political field, is apparent to all.

That it would operate to fill all business and industry with fear, hesitation, and discouragement due to the certainty that it would be administered in the prejudiced manner in which the National Labor Relations Act is being administered, is known to all familiar with the source of the proposal.

That it sets up a politically appointed and dominated board of unlimited powers and discretion, authorized to invade the field of private competition and equality of opportunity and to regulate that competition and opportunity as the board might see fit, is admitted to be one of its purposes.

That it would impose new and unmeasured restrictions upon production in American industry, particularly in the small manufacturing and business field is unquestioned.

That it will increase production costs, raise the cost of living, restrict buying, reduce volume of production and increase unemployment, no reputable economist will deny.

That the whole idea is alien to our American ideals and customs, that it is incompatible with our democratic system of government, that it seeks to take away from the people the right to live their own lives in their own way and to interpret their own needs in their own native voice; that it is, in part, the product of those whose thinking is rooted in Russian communism and who are bent upon the destruction of our whole constitutional system and the setting up of a "red" labor communistic despotism upon the ruins of our Christian civilization I confidently assert.

One of the revealed purposes of the act is to establish a governmental board with despotic powers over all labor receiving less than 40 cents per hour and working more than 40 hours a week, this despotic power to be administered through political appointees acting in the field. In a multitude of cases these agents would be theorists without any practical business experience or training and with not the slightest interest in the local communities, from the civic standpoint, in which they would operate.

The bill is frankly an experimental measure, intended to operate upon both labor and industry. Senators were not

sure of what they were doing when they passed the bill. Labor leaders were not sure of what they were doing when they sanctioned it. Amendments were hastily put into and taken out of the bill in the Senate. A motion to recommit for further study was beaten by only 12 votes.

The bill has been amended by the House committee, but no one can foretell what the effects of these amendments on the bill would be. To pass an intelligent measure designed to do what is claimed for this measure would require years of study by well-qualified economic experts before such an act could even be safely drawn. Any other course means simply to pass a patchwork, makeshift, experimental bill in a state of complete intellectual confusion and merely hope that a board, clothed with despotic powers over labor and industry, can accomplish a task which all economists and other authorities agree is practically insurmountable from the standpoint of Federal administration.

The basis for the bill as expressed by the President is that "one-third of the population is ill-nourished, ill-clad, and ill-housed." It is folly to suppose this minimum-wage act could rectify that condition, granted that the conditions may obtain. It would require not a law placing restrictions and creating increase in costs of production to have a visible effect on the living standards of the lower strata one-third population—it would require a heavy increase of production with lowered production costs and lowered retail prices to accomplish the object stated.

According to Senator Hugo L. Black, one of the sponsors of the bill, the measure would affect "something over 3,000,000 people who now earn less than 40 cents per hour and 6,000,000 who work more than 40 hours per week." No one, including Mr. Black, knows what proportion of these 3,000,000 low-wage earners and these 6,000,000 long-hour workers will be affected by the operation of the act after all of the exemptions and differential preferences were granted by the board.

Six million workers represent about 18 percent of the present estimated nonagricultural employed labor force. To reduce the hours of so large a group would necessarily involve very considerable economic dislocations, whether for good or ill. It is impossible to guess at the consequences of the bill for either industry or labor. It is impossible even to estimate the practicability of the proposed administrative mechanism. It is impossible to judge the needs for this kind of action at this time.

The proposed act is of very doubtful constitutionality because of the necessary delegation of such vast powers to a Federal agency with power to pass on to organized labor through "collective bargaining" standards the power to set such standards to which all business and industry and all labor, both interstate and intrastate, must conform.

Mr. Justice Cardozo, in an opinion, has held that Congress cannot grant a "roving commission" to a Federal agent. His view was concurred in by the eight other Justices of the Supreme Court as then existing.

It is difficult to conceive of a greater delegation of power or a wider "roving commission" than would be granted under this bill to this Federal board to be named by the President, and to the agents to be named by the board itself.

The members of the wage-hour board, under the terms of the act, are to be given immense discretionary authority over both labor and industry. They would have more power than any other Federal agency. They would be in position to dictate to the employers of the entire Nation and to regulate the hours of work and the rate of pay of workers all over the country.

The extent and character of power with which this board would be invested is the kind of power that would enable it to exert terrific pressure upon industry to do things not contemplated in the bill itself.

The act, in my opinion, is unconstitutional in that it attempts to establish Federal control over all production under the pretense of regulating interstate commerce. If this principle is ever established, then those meager powers kept by the States will be gone, and liberty, as understood and prac-

ticed by the people, will be a thing of the past. I protest against the further concentration of power in Washington.

In the hands of a politically minded or power-lustful President, to whom the members of this board would owe their appointment and their continuance in office—especially if the pending Government reorganization plan giving the President sole personal control over personnel of independent governmental agencies, including those of a quasi-judicial character—is enacted, the wage-hour board could be made an almost irresistible instrument for political purposes. To exercise wisely and without damage or injustice the power to be vested in this proposed board would require its members to be endowed with superhuman judgment, patience, and ability.

The experience thus far in the operations of the National Labor Relations Board indicated clearly that not only may the proposed wage-hour board be entirely prejudiced in its views, hostile to industry, and its powers subjected to use for political purposes, but the acquiescence of the present administration thus far in the one-sided operations of the National Labor Relations Board is indicative of what might be expected from another board governing labor. The situation today as regards the Labor Relations Act is that the American Federation of Labor is in a bitter controversy with the Labor Board over alleged, and apparently well-founded, acts of partisanship on the part of the Board favoring the C. I. O. as against the A. F. of L. The schism in labor ranks thus brought about is resulting in the grinding of small industries between the upper millstone of A. F. of L. organizations and the nether millstone of the C. I. O. organizations, with industry being ruined no matter which organization it undertakes to engage in collective bargaining and contracts. It sets up what it admittedly an utterly impossible condition for industry. In two instances, at least, the Federal courts have ruled that industries having collectively bargained contracts with A. F. of L. unions, shall abide by and perform such contracts, while the National Labor Relations Board has ruled in both instances that these industries shall abrogate their contracts with the A. F. of L. unions and bargain with C. I. O. unions. Thus, if these industries carry out the Federal court mandates, they stand in contempt of the National Labor Relations Board. If they carry out the mandates of the Labor Relations Board, they stand in contempt of the Federal courts. In addition, if the A. F. of L. contracts are carried out, the C. I. O. will stage a sit-down strike. If the C. I. O. is bargained with and the A. F. of L. contracts are abrogated, the A. F. of L. will strike. Nothing is left but ruin and suspension of operations for either company, with the resultant loss of jobs and wages for all the employees of each company. Add to this condition of interunion feuds and Federal court-Labor Board conflicts another quasijudicial board such as is proposed in the wage-hour bill and the ruin of industry might well result, and certainly grave economic dislocations and disturbances must inevitably result.

Conflicts of jurisdiction in scores of directions between the National Labor Relations Board and the contemplated wage-hour board could not possibly be avoided. There is not a labor leader, attorney, or Member of either the Congress or the administration who even pretends to be able to say where, how, and in how many instances such conflicts of authority and jurisdiction would arise. Industry and labor cannot possibly be subjected to such confusing and benumbing effects without grave injury to both industry and labor.

There is no question—and the fact is readily admitted on all sides—that the enactment of this proposed wage-hour measure, supplementing the National Labor Relations Act, would result in a wave of organization of the unskilled labor throughout the South by the C. I. O. The labor and the industry of the South would become the battleground of the A. F. of L. and the C. I. O. The well-known and undeniable communistic leadership of the C. I. O. in its field operations would be given under this proposed act, an open field to spread communistic doctrines throughout the South and the

labor and social unrest that would necessarily and inevitably result would change the whole industrial and social atmosphere of the South for the worse.

Gen. Hugh Johnson, whose experience with section 7 (a) of the N. R. A. certainly equips him to speak authoritatively and with full knowledge, has branded the wage-hour bill as the most dangerous measure that has been proposed by this administration. He says, "It won't work."

It is apparent that the act, if passed, will require a literal army of inspectors and agents, thus adding to the great size and cost of an already swollen and vastly expensive administrative set-up. At this time, when economy in government and balancing of the Budget are vitally necessary, not alone to prevent further tax raises, but to protect the credit of the National Government, it is difficult to see how this act could be properly administered if it were passed, unless we are to abandon all idea of achieving the economies necessary to make good President Roosevelt's numerous promises to balance the Budget in the next fiscal year.

Even the most ardent supporters of the proposed act do not agree on either the purposes or the effects of the act. It should be remembered that Senator ROBERT F. WAGNER (Democrat, New York), the author of the National Labor Relations Act, confidently and emphatically assured the Congress and the Nation that his act would "bring peace in industry." Its effect has been exactly the opposite. Assurances from any source that the proposed wage-hour act will operate with the beneficial results claimed for it are just as futile and worthless as Senator WAGNER's well-meant assurances regarding the Labor Relations Act, for the simple reason that the whole foundation of the proposed wage-hour act is experimental; it is to operate in a field and in a way that are unknown, because no living person knows, or can know, how to adjust amicably, equitably, and effectively the class, trade, sectional, and emotional differences as between States, sections, cities, or even sections of manufacturing areas. The whole field is unexplored by any adequate research, and this proposed act is simply a leap in the dark, a step into unknown territory, to be taken without the slightest guaranty that it will operate as predicted. It is, therefore, too broad, too susceptible to misdirection, manipulation, corruption, political juggling, and social abuse to be safe.

There is a very grave possibility inherent in this proposed act that the board set up under its provisions can be controlled politically at a later date in such a manner as to take over the negotiations now entrusted to employers and organizer labor unions acting under the Labor Relations Act. In fact, it is feared by some of the most able leaders of the American Federation of Labor that if the new board functioned as it might, the whole purpose of labor organization would disappear and a purely political control over labor would supplant the representation now exercised by organized labor unions. In such case the whole system of democratic self-regulation and government by labor would be broken down and workers would become the pawns of an all-powerful politically appointed board. Workers would thus become exposed to all the vicissitudes of political manipulations which would be certain to develop under such conditions.

A study of the proposed act discloses clearly that it is not to operate as a labor act in the economic field at all but is a supplementary social-security measure disguised as a labor measure. That means that industry and labor are to be made the instruments, without their consent, of social-security experiments. The industrial questions which belong to and should be entirely administered in a sound economic field, are to be invaded by social-security problems which should be administered coordinately with and supplemental to sound economic principles, but which certainly should not be controlling on industry and labor in the economic field.

The proposed bill would place too much power in the hands of five men to be named by the President. It would give these five men authority to set up a practically unlimited system of enforcement so far as size and personnel of industries are concerned. The board could name investi-

gators, arbitrators, and other officials with or without bias for or against the industry to be regulated. The board and its agents would—as is the case with the National Labor Relations Board—be judge, jury, and prosecutor all combined. Such a board could literally ruin any individual manufacturer it might desire, by intent, and it could ruin manufacturers by the score through errors of judgment alone. It is neither right nor safe to place such unchecked power in the hands of any governmental group, board, or bureau.

The act would create a system of regimentation for American industry. It would create a new and burdensome bureaucratic load for the taxpayers to support and which would hold autocratic power over every type of business in every section of the country.

Differentials in wages, hours, living conditions, climatic conditions, transportation conditions, accessibility of raw materials, and productive capacity of individuals and classes exist in every part of this Nation. These differentials exist not only in geographical areas, but they exist as between cities and hamlets in the same States, and as between different areas in the same cities. All of these differentials this board would have to take into consideration. This means that not in years could the wage-hour board make sufficient studies and compile and classify sufficient data to constitute a basis for intelligent and safe action.

Because of these existent differentials the board would not only be made the battleground of political forces and factions; it would become the battleground for all sorts of pressure groups until nothing but confusion could arise out of the irreconcilable claims, interests, and conditions.

It must be obvious that if a wage-hour board is to take into account the multitude of differentials which exist that the very burden of such differentials will preclude the effective operation of the act. If the board did not take into consideration these differentials, then its operations would necessarily be arbitrary and highly dangerous to the economic structure of the Nation.

It might be possible, after sufficient study, to put this country on a basis of more or less fair and even plane of competitive relationship as between sections, which, of course, is sound doctrine if the economy of the country as a whole were to be considered. But in the very nature of things the only way in which the proposed wage-hour board could operate would be as a battleground in which each region would necessarily have to pursue a strictly selfish policy. Under those conditions there is no way of estimating what calamities may befall the entire system of industry.

Agricultural labor has thus far in all consideration of the wage-hour bill been excluded from its operations. This does not at all eliminate the dangers inherent in the proposed act to our agricultural system.

The operation of the act as at present being considered would inevitably increase the cost of things the farmers have to buy. The act would also operate to set up an increased industrial competition with agriculture for labor supply, which competition would in time force agriculture to higher wages and shorter hours on the farm.

The inevitable increase in the cost of manufactured goods would operate to absorb a large portion of mass purchasing power which is now available for the purchase of agricultural products.

Granting that the effort to try to better the lot of man is in itself commendable and must be continued along very sound, practical lines, the serious question here is whether or not this proposed measure would achieve any tangible results tending toward that end.

Granted that an increase in the purchasing power of the consumers is commendable, the question here is whether or not this act will burden industry with such a great load and with such terrific dislocations as to defeat the objective of the act. It must be realized that under N. R. A. the various classes of industry themselves, together with representatives of labor in those industries, tried to work out governing codes, and the result was chaos. Under this act a five-man

board would be expected to work out solutions to those problems which baffled completely the best intellects in both employer and labor ranks under the operation of the N. R. A.

It certainly would appear, in the light of our experience under the operations of N. R. A. that the most practical and sound way in which to work out these multifarious problems throughout the different sections of our vast country would be to leave to collective bargaining between industry and organized labor experts the solution of these questions. Immeasurably strengthened and buttressed as it is by the National Labor Relations Act, which certainly is a charter for free and effective action on the part of organized labor to proceed promptly and rapidly to better the condition of the workers, if ever there was one, it seems worse than unnecessary to complicate and confuse the whole industrial situation by this act which, operating under guise of a labor law, would unquestionably have to be administered as a social-security act.

If the object of the proposed measure is to relieve the conditions of substandard workers, those objects cannot be attained by exempting one classification of workers after another. If this is to be wage and hour legislation, it should be just that.

The best evidence that this proposed act is not fitted to the needs of the Nation is to be found in the fact that the act would require policing to an extent not exceeded by the Prohibition Act.

Although the ostensible object of the act is to benefit those workers whose wages and hours are substandard, the bill itself does not require the board to set those standards at levels consistent with health, efficiency, and general well-being of the workers. On the contrary the bill specifically provides that the board could proceed only as far and as rapidly "as is economically feasible." These five men who are to compose the board are to be clothed with the power to decide how rapidly and how far action would be "economically feasible," but the act does not, of course, clothe them with the omniscience by which to judge wisely these profound questions.

It must be stressed that the board would, if established, have innumerable requests to exempt this and that group from the scope of its wage and hour decrees. It would be very difficult to decide when such exceptional treatment was justified. Too many exceptions inevitably would result in failure to correct abuses that this proposed legislation is designed to eliminate. On the other hand, too rigid insistence on higher standards of pay and hours for exploited groups would be certain to force many employers out of business and thereby reduce employment.

There is a serious question as to whether this is the proper time to attempt such an experiment as this proposal represents while business is on the upturn and struggling out of the depression.

The attempt of the proponents of this measure to create the impression throughout the country that all those who love their fellowman favor this act while those who oppose it are motivated by greed and a desire to see the poor stay poor is simply a demagogic appeal to prejudices. Certainly this proposed act is of such vast importance its ramifications are so great, its possibilities for serious if not irreparable damage to the cause of both industry and labor are so numerous that the whole question should be approached in a dispassionate, clear-eyed spirit of honest endeavor to see what can be worked out that may be of benefit to the Nation.

A study of the proposed bill discloses that the administration and the Congress have thus far seen fit to exclude a good many classes of substandard workers from the benefits of this "great humanitarian act."

It is common knowledge that the largest class of low-paid long-hour workers is to be found on the farms. It is these people who constitute the largest element in Mr. Roosevelt's "third of the people who are ill-fed, ill-clad, and ill-housed." This class of workers is excluded from the bill and it will do nothing to relieve their hardships, but it will operate to increase the costs of their necessities.

In this connection there is an internal contradiction in the act itself as it stands before Congress today. A labor standards board is set up, consisting of five members, who will administer the act. The board is instructed to take into account all geographic and economic factors now governing wages and hours. These include such matters as the general level of pay in the community and in the industry, costs of living, supply of labor, the value added to manufactures by labor, the possibility of resultant unemployment if the conditions prescribed in the act are imposed. Having decided on the basis of these and other factors what the maximum and minimum wages in a particular factory ought to be, the board must then consider whether the particular plant under consideration can continue in business on that new basis. If not, the board is to make appropriate revision to fit the case.

Thus two conflicting theories are obviously at work here; one holds that wages and hours can be safely regulated only by the market. The other theory holds that wages and hours can be fixed on a humanitarian basis with little regard for market.

If it is both inhumane and uneconomical, regarding the Nation's economy as a whole, for labor to be worked at wages less than 40 cents per hour, or at more than 40 hours per week, then the logic of the argument is sound that all wage scales below a decent standard of living should be abolished and if it disturbs business or ruins some enterprises, that would be the price we would pay for good citizens.

If this logic is sound, then why create a bureaucratic board to make exceptions, to create differentials, and to go from Washington into every crossroads and hamlet in the Nation to deal with the poor-mouth industries who will contend that decent wages and hours would bring ruin upon them? If it is logically true that less than 40 cents an hour is inhumane and uneconomical, and that the same is true of the workweek of more than 40 hours, these conditions must be as inhumane and as uneconomical for agricultural labor and other classes now exempted from the operations of the act as they are for those classes included in the scope of the act.

The proposed act itself contains another contradiction because it provides that all hours beyond 40 shall be regarded as overtime and shall be paid for at the rate of time and a half. This can only be upon the theory, apparently, that more than 40 hours a week is too much for humans to work unless they get paid more, in which case the extra rate of pay in some way eliminates the injurious effect of the hours.

There is a very grave danger and a strong presumption that this proposed bill is only the opening wedge into governmental domination of wages, hours, and prices. When this proposed act is considered in connection with the assumption of authority over collective bargaining conditions now clearly exercised by the National Labor Relations Board, the trends of the Patman Price Fixing Act, the Miller-Tydings Act in the District of Columbia and other proposals which have been made but not yet pushed to action by the Congress, it becomes apparent that governmental dictatorship over wages, hours, conditions, and prices has been slowly but surely gaining ground, and that we are now actually embarked far out upon the uncharted seas of such governmental domination. It is just as certain as anything can be that demagogues and self-seekers will run for office on promises to extend the provisions of this bill later on to embrace all of the classes now exempted from the bill and to increase wages up to perhaps 70 or 80 cents an hour and to decrease the workweek from 40 to perhaps 30 hours. Indeed, this very proposal was embraced in an amendment offered, and for a time seriously considered in committee when the measure was being considered by the House committee during the last session of Congress.

Within a year or two we shall, if this act is passed, be embarked upon a decided and determined course toward Federal control of wages generally—governmental regulation of hours and working conditions and going the rest of the way and fixing prices by governmental decree. When we

thus open the door for the invasion of Federal interference with free competition, free labor, competitive price adjustment, and collective bargaining, we will have abandoned the capitalistic system as it has always operated and we will have undergone regimentation of industry and labor just as surely as it exists anywhere in the world today. It must be remembered by both employers and employees that when and if that day comes, this Federal control is a two-edged sword that can cut both ways. The powers so vested in Federal authority could as easily be used by a government hostile to free industry to crush it as it could be used by a government hostile to free labor to enslave it.

Prof. Lionel Robbins, of the University of London, has well said that—

There is a sort of snowball tendency about this kind of interventionism which has no limit but complete control of all trade and industry. Once a government starts to control important branches of industry, if they are not willing at some point definitely to reverse their whole lines of policy, there is not a stop to this process short of complete socialism.

The logic of Professor Robbins' statement is to be found clearly exemplified in the operations of the now defunct A. A. A.

The A. A. A. in its original conception contemplated control of only four crops. This control was to be voluntary only. The plan in the beginning was merely for the Government to offer the farmer cash for restricting his crops. The farmer could take it or leave it. Compulsory control was not intended.

Hardly was the A. A. A. put on the statute books in March 1933 when the natural law of expansion began to operate. Cotton farmers with their cotton production limited began to plant peanuts on their idle acres. Peanuts then had to be controlled. The acreage devoted to cotton, and later to peanuts, was then planted to potatoes. Then came potato control.

By 1936 when the Supreme Court declared the A. A. A. unconstitutional, the number of crops controlled was 17. Senator KING, of Utah, just before the law was invalidated, had warned—

We may expect at the next session of Congress to find measures offered to bring other commodities, perhaps carrots and cabbage and lettuce and tomatoes, under similar control.

Not only did the A. A. A. expand as to the number of crops it controlled, but it also expanded from voluntary to compulsory control. Two and a half years after the A. A. A. was enacted, three crops were limited by criminal statutes.

After a careful analysis Dr. Charles Frederick Roos, former director of research in N. R. A. and erstwhile permanent secretary of the American Association for the Advancement of Science, brands the wage-hour bill a brake on industry, a plague on agriculture, a calamity for labor and a blight on recovery.

Dr. Roos gives as his considered judgment that among other disastrous effects this proposed act would increase rather than decrease unemployment; would decrease the production of distributable wealth and lower the average standard of living; would decrease the consumption of raw materials, including farm products, and lower the prices received for them so that farmers would be caught in the vise of rising prices for the things they buy and curtailed prices with lowered markets for the things they sell.

Donald R. Richberg, former N. R. A. Administrator, says in a formal statement to the Senate and House Labor Committees that the Black-Connery bill "invites a repetition of practically all the errors of the N. R. A. in the matter of fixing and enforcing reasonable wages and hours without providing some of the safeguards which were provided for the administration of the N. R. A."

Richberg pointed out in his statement that the proposed Labor Standards Board is given such broad powers to vary wage and hour requirements upward or downward under the terms of the proposed act that it might as well be given the authority to fix hours and wages without reference to any standard.

Richberg's statement emphasizes again the fatal contradiction in the intent and proposed operation of the act itself already mentioned, viz, that the act is really a social-security measure disguised as a labor measure. It is social in all its operations, while the mode of enforcement is attempted under economic procedure. If the act is to operate as a social measure it must be enforced without regard to economic considerations or necessities, in which case it could not do other than create such grave economic dislocations and disturbances as to be utterly dangerous, because it would have to operate without any regard for market and other economic requirements. If, on the other hand, it is to be enforced on the basis of market and other economic considerations, it must fail of its objectives of social readjustments in the lower strata of laboring classes. If all the differentials and different group, sectional, and other economic obstacles are to be considered, then there is no need for the act or the creation of such an all-powerful board because both industry, labor, and all State governments have for years been working out the solutions of just those problems.

From the standpoint of our export and import trade the bill is diametrically opposed to the policy of reciprocal-trade treaties.

Not only would the operation of the wage-hour act increase the production costs of our manufactured and agricultural exportable commodities, but it would also put our domestic manufacturers and agriculturists at a great disadvantage in competing with foreign imports in the home market. The bill itself recognizes this danger by providing that revision of the tariffs as rendered necessary by the operation of the act shall be given due consideration by the Tariff Commission.

Such tariff revisions upward, however, would necessarily be in absolute conflict with the reciprocal-trade policy.

Viewing the character of the proposed act and its objectives, and the method of operation proposed to achieve those objectives, it becomes obvious that this proposal should be subjected to long and careful study by the Congress after the most exhaustive investigation before the measure is passed. Such fundamental departures from our long-established economic practice cannot be taken safely without careful study. No commission of any sort has made a study of industrial situation from the standpoint of the changes to be achieved in this measure. The act was written by anonymous authors and submitted to the President, who sent it to Congress and every attempt was made to rush the act through in the closing hours of the Congress.

There is much in this proposed act that contains dangerous potentialities for southern industries. Under the powers which would be vested in it, the board could at will wipe out every manufacturing, geographical, climatic, or labor supply advantage southern industry holds today in the competitive field. The board could, if it so desired, actually place southern industry at a disadvantage with competitive northern or foreign competitors. There is actually no limit to the discretion which would be vested in this board, and there are no standards set up by which to guide the board in its handling of these dangerous powers. As Richberg has said, the board might just as well be vested with full discretion to pursue any course it might deem best without regard to any economic standards whatsoever. Certainly the South, with its marked competitive advantages which are just beginning to be recognized on a large scale and which have started a movement for industrial development in the South, cannot afford to run the risk of any such all-powerful board being able to suddenly stop that industrial development. [Applause.]

Mr. SNELL. Mr. Speaker, I ask unanimous consent that after the other special orders of the day the gentleman from Pennsylvania [Mr. DITTER] may have permission to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER. Under previous order of the House the gentleman from Pennsylvania [Mr. ELLENBOGEN] is recognized for 10 minutes.

SIGN DISCHARGE PETITION NO. 26 AND HELP RESCUE THE HOME OWNER

Mr. ELLENBOGEN. Mr. Speaker, the special session which convened last week must deal with some of the most important problems this country has ever faced. I think none is more important and none can be more important than the fate of the 6,000,000 home owners in the United States.

STOP MASS FORECLOSURES BY THE H. O. L. C.

I want to deal with the foreclosures which have been made and which are in process of being made by the Home Owners' Loan Corporation. It seems that the Home Owners' Loan Corporation has forgotten the purpose for which it was established by Congress.

The Home Owners' Loan Corporation was created by Congress for the purpose of saving home owners from foreclosures. This purpose it has fulfilled in an admirable way in the past. However, it appears that the corporation has now forgotten the original purpose for which it was created. When it comes to collect the payments and installments which are due on mortgages it proceeds almost as a private insurance company.

ONE HUNDRED AND FOURTEEN THOUSAND HOMES HAVE BEEN OR ARE IN PROCESS OF BEING FORECLOSED

As of December 31, 1935, there were 4,470 foreclosures; but during the years 1936 and 1937 foreclosures have increased at an ever-accelerating rate.

I submit that it is not the purpose of the Home Owners' Loan Corporation to save the home owners in 1933, 1934, 1935, only to foreclose on their mortgages in 1936, 1937, or 1938.

As of September 30 of this year there were 114,402 homes which had been foreclosed or were in process of being foreclosed, totaling \$443,000,000. This was as of September 30, before the business recession had started and before thousands of home owners had been furloughed from their jobs or put on part-time employment.

WILL THE H. O. L. C. CONTINUE TO FORECLOSE JOBLESS HOME OWNERS?

What is the Home Owners' Loan Corporation going to do now, in the face of the business recession which has developed? Is it going to increase its rate of foreclosures and put an even larger number of home owners out of their homes?

PASS THE ELLENBOGEN BILL, H. R. 6092

I believe we should take a constructive approach to this problem.

As early as June 1935 I introduced in the House a bill to reduce the rate of interest on home-loan mortgages to 3½ percent, the same rate of interest which the farmers are paying on farm-loan mortgages, and to extend the time of payment over a period of 25 years instead of the 15 years and in many cases 10 years which are provided in existing mortgages.

So far I have not been able to induce the Committee on Banking and Currency to even give us a hearing on this bill. The bill was reintroduced in the previous session of this Congress and is now known as H. R. 6092.

H. O. L. C. PAYS 2½ PERCENT INTEREST ON ITS BONDS

Originally the rate of interest on home-loan mortgages was fixed by the Home Owners' Loan Corporation at 5 percent, and that was proper because the Home Owners' Loan Corporation had to pay a rate of 4 percent on its own bonds. In order to help this situation the Congress, in 1934, amended the law so that the Government guaranteed not only the principal but also the interest on home-loan mortgages. As a result of this complete Government guarantee, the Home Owners' Loan Corporation was able to sell its bonds at a much lower rate of interest. The average rate of interest which the Home Owners' Loan Corporation pays on its own bonds is 2.624 percent, or about 2½ percent per annum.

THE HOME OWNER SHOULD PAY ONLY 3½ PERCENT

It was estimated, when the Home Owners' Loan Corporation began its operation—and the same should be true today—that a margin of 1 percent would be sufficient to pay the losses and administrative expenses of the Home Owners' Loan Corporation. The rate of interest which the Corporation must pay on its own bonds is about 2½ percent, and, if you add 1 percent, you get about 3½ percent. So it would be entirely feasible and would entail no loss to the Government whatsoever to fix a rate of interest of 3½ percent.

THE PERIOD OF AMORTIZATION SHOULD BE EXTENDED TO 25 YEARS

Another burdensome feature of the home-loan law is the fact that the amortization period is fixed at 10 and 15 years, whereas it could properly be fixed at 25 years. This change is contained in my bill, H. R. 6092. Under this bill the monthly installment payments for each \$1,000 of indebtedness are reduced from \$7.92, or about \$8, to \$5.01. This would be a saving on a \$4,000 mortgage of \$12 a month, or \$240 a year.

THE PASSAGE OF THE ELLENBOGEN BILL WOULD SAVE THE HOME OWNER

Now, the point is this. Thousands and thousands of home owners are unable to make the installment payments that are required by the terms of their home-loan mortgage instrument. They would be able to make the smaller payments that are provided for in my bill. If we would enact this bill into law, we would enable these home owners to make their monthly installments, to pay their obligations, to retain their homes, and to save their investments in their homes. This would contribute to the welfare of our Nation. Home ownership makes for good citizenship.

PASSAGE OF THE ELLENBOGEN BILL WOULD SAVE THE H. O. L. C. FROM LOSS

The passage of the Ellenbogen bill would not only save the home owner; it would also save the H. O. L. C. from financial loss.

I maintain, Mr. Speaker, that the policy of mass foreclosure which is being pursued by the Home Owners' Loan Corporation actually results in losses of millions of dollars to the Home Owners' Loan Corporation. Out of the 114,000 homes that have been foreclosed or on which foreclosure is in process, 80,000 are not rented; 80,000 of these homes bring no income whatsoever to the Home Owners' Loan Corporation. They are a total loss. Not only do they bring no income but they entail a continuous expenditure on the part of the Home Owners' Loan Corporation, in the form of payment of taxes which the H. O. L. C. must meet, payments of insurance, payments for supervision, and payments for repairs. So that not only does the Home Owners' Loan Corporation lose the payments that were being made by the home owners, not only does it lose the interest on its investments in the foreclosed homes, but it has a large number of these homes unoccupied. It must incur expenditures of millions of dollars on these unrented homes. To these expenditures must be added foreclosure costs at an average of more than \$160 for each mortgage. On the foreclosed homes this exceeds \$18,000,000, and on the unrented homes it exceeds \$12,000,000.

Would it not be cheaper to reduce these monthly payments, to make it possible for the home owner to carry his indebtedness and to save the Government from loss?

SIGN DISCHARGE PETITION NO. 26

Since I was unable to get the Banking and Currency Committee to give us even a hearing, I filed a rule for the immediate consideration of the bill H. R. 6092, and a discharge petition is on the Speaker's desk—discharge petition No. 26—to discharge the Rules Committee and the Committee on Banking and Currency from further consideration of my bill.

I hope the Members will sign discharge petition No. 26 in order to give the home owner a chance to save his home. [Applause.]

The SPEAKER pro tempore (Mr. DELANEY). Under previous order of the House, the gentleman from New York [Mr. FISH] is recognized for 20 minutes.

BUSINESS DEPRESSION

Mr. FISH. Mr. Speaker, I am in entire sympathy and accord with most of the remarks made by the gentleman from Pennsylvania [Mr. ELLENBOGEN] a few moments ago. We are in the midst of a depression, not merely a recession but very largely a Government-made depression. During the last few months \$30,000,000,000 in stock-exchange securities have been wiped out and another thirty billions in unlisted securities and mortgages have likewise been destroyed.

When the gentleman from Pennsylvania gets upon the floor of the House and pleads for home owners he deserves the nonpartisan attention of all the Members. I am not sure of my figures, but someone just whispered in my hearing that the Government has taken over 100,000 of these homes.

Mr. ELLENBOGEN. Mr. Speaker, will the gentleman yield?

Mr. FISH. Yes.

Mr. ELLENBOGEN. One hundred and fourteen thousand as of September 30 last; that is, under foreclosure.

Mr. FISH. And I say to the House, if you want to promote radicalism, socialism, and communism, the very best way to do it is to have the Government dispossess these American home owners, but if you want to curb radicalism, socialism, and communism, the best way to do it is to help these home owners maintain their own homes. And I say to the gentleman from Pennsylvania, for the sake of getting that proposition before the House, I shall sign his petition to reduce the rate of interest to 3½ percent and extend the time.

Mr. ELLENBOGEN. I thank the gentleman.

Mr. FISH. And as I understand it, all it proposes to do is to reduce the rate of interest from 5 percent to 3½ percent and extend the time from 15 to 25 years.

Mr. SADOWSKI. Mr. Speaker, will the gentleman yield?

Mr. FISH. Not now. In reducing the rate of interest to 3½ percent the Government, which borrows money at less than 3 percent, ought to come out even, or even make a profit. If we are to legislate at all for any group of Americans, the one group that ought to have preference are the American home owners.

Following that thought, and before discussing the facts concerning the Roosevelt depression that has overwhelmed the Nation, I am also in favor of having an immediate building program presented to the Congress. As some Members may know, I was not in sympathy with the Wagner-Steagall bill we adopted last August. I was a member of the committee that reported it. I voted for the bill because it was the only building measure before the Congress; but all that bill did was to provide for the erection of huge, beehive apartment houses in the overpopulated cities of America. What I would like to see, as I have said before, is to have the Government finance a bond issue of \$5,000,000,000 to provide homes for wage earners, the way Great Britain did, and turn that money over to stimulate private industry to erect private homes in the vicinity of cities of over 500,000 population, and help put American citizens in those homes, backed by the credit of our Government. If a large bond issue is not feasible, I suggest we might use some of the gold lying idle in Government vaults in Kentucky. I am for a program to reduce the rate of interest now being paid by the home owners to the Government in order to stop the Government from dispossessing American home owners in the midst of a depression. Next, I am in favor of a real building program to build a million houses for wage earners at a cost of not exceeding \$5,000 each, including a half acre of land, and I submit that is one way to get out of the depression. If we had a program of that kind on a large scale we would employ labor, heavy industry, start the steel mills working once more, but we will never get anywhere with that makeshift building program which we adopted at the last session, and with my vote, to build beehive apartments in the middle of overpopulated cities and not help American citizens to own their own homes.

Mr. Speaker, I understand the gentleman from New York [Mr. O'CONNOR] made a good Republican speech in the House early today, and when I say a good Republican speech I mean that he told the truth. I mean that he presented

the facts. He said actually what is in his mind, which most of you do not dare do. The time has come when we should all say what is in our minds. We are in the midst of a depression, a serious depression, a Government-made depression, a Roosevelt depression—not a depression brought about through overspeculation, gambling, and an overabundance of prosperity, but a depression brought about by direct attacks on business, by collectivization, by promoting class hatred and repeatedly baiting big business and all kinds of business for the past few years. Today we are merely reaping the whirlwind of these constant attacks, which have destroyed business confidence. There is nothing wrong with America. We have all of the same natural resources that we had back in 1929, we have the same loyal and industrious labor, and business is ready to go over the top, to expand, to employ labor, to put American wage earners back to work, and that is the biggest issue in America at the present time. The trouble is that business is curbed, it is hampered and harassed by regimentation, collectivism, and bureaucracy at Washington, and by direct attacks from the President of the United States and his radical and visionary advisers.

From now on, Mr. Speaker, I propose not to mince words but to place the blame for the depression where it belongs and let the chips fall where they may. Let us first assess the blame and then present a constructive program to get us back on the road to recovery and employment.

I accuse President Roosevelt with being responsible for the loss of \$30,000,000,000 in security values on the stock exchange and probably another thirty billion of unlisted securities, in real estate, mortgages, and so on, in the last 2 months, which means further unemployment and impoverishment of American labor.

I accuse him of destroying business confidence by repeated attacks, destructive taxation, squandermania, red tape, and reprisals, and governmental competition with business.

I accuse him of causing business fear and uncertainty by inciting class hatred and more strikes than any administration in the history of our country.

I accuse him of trying to control and socialize our entire financial and economic structure through bureaucratic regimentation at Washington.

I accuse him of hampering and retarding the natural recovery of the country through half-baked legislation, unsound experiments, squandering of the people's money, and an unbalanced budget.

I accuse him of having lost the cotton and wheat markets of the world, causing an unfavorable trade balance of \$147,000,000 the first 6 months of this year, for the first time in more than 50 years, to the detriment of our farmers and wage earners.

I accuse him, instead of providing a more abundant life, of giving the American people more abundant promises, debts, deficits, high cost of living, class hatred, collectivism, unemployment, and impoverishment.

I accuse him of having no financial or fiscal policy except to pile debt upon debt, deficit upon deficit, and to borrow billions upon billions by issuance of tax-exempt securities, until the national debt has reached the stupendous sum of \$37,000,000,000. [Applause.]

If there is anything else the gentleman wants me to accuse the President of, I am willing to do that also.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. FISH. No. I have not time.

Mr. RANKIN. I was going to ask the gentleman—

Mr. FISH. No. I have not time.

Mr. RANKIN. The gentleman wants us to issue \$5,000,000,000 more bonds. What do you want to do with that?

Mr. FISH. I told you exactly what I wanted to do; instead of throwing money away, put it into productive enterprise, where it will do some good for the American people. [Applause.]

Now, I want my Democratic friends to listen.

It is about time the New Deal changed its tune from Happy Days are Here Again to The Merry-Go-Round Broke Down.

The New Deal goes around and around and around and comes out nowhere. In this respect it is like the merry-go-round, with its gaudy and flashy trimmings and painted horses to amuse the people and give them a good time while the music lasts, or rather while the money lasts.

The trouble today is that business, not only in Wall Street but on Main Street, is jittery and dizzy from being whirled around and around by the New Deal merry-go-round at Washington and getting nowhere. We are in the midst of a government of confusion and bewilderment, and not even the President's closest advisers have the faintest idea in what direction we are going. They have lost all sense of direction from being whirled around for the past few years that they do not even know their own objectives.

I am too good an American to wish the New Deal merry-go-round to break down for partisan advantage, because it means unemployment, misery, and destitution for millions of Americans and disaster for the country. But I believe it is the duty of the minority to expose the follies, fallacies, and economic failures of the New Deal and demand that our house be put in order, that the Budget be balanced, and that business baiting be stopped.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield for a brief question.

Mr. KNUTSON. Several centuries ago we had an era known as the Middle Ages. Perhaps the historian of the future will refer to this as the "Muddled Age."

Mr. FISH. Fifty million Americans depend for their living and that of their families on private enterprise, and the New Deal has by its vicious attacks and destructive taxation harassed and hampered business to such an extent that fear and uncertainty have replaced the necessary confidence to expand and employ labor. It is a serious situation, and those who will suffer most are the wage earners. Business is ready to go over the top if permitted to make profits and pass prosperity around, but the New Deal is entirely to blame for the present depression.

"Out of thy own mouth will I judge thee." The President boasted, "We planned it this way, and do not let anyone tell you differently." This was when business conditions were showing signs of improvement. He naturally claimed the credit for the New Deal, but now, by the same token and logic, he cannot escape the responsibility. This is a Roosevelt or Government-made depression, and even Charlie Michaelson and the New Deal publicity bureau and the host of propagandists cannot shift the burden to the international bankers, Wall Street, economic royalists, or other bogeymen.

Persistent baiting of business has flourished under the New Deal. Collectivism, governmental competition, and promotion of class hatred have likewise flourished, all of which were foreign to our American ideals of government. All this must stop and stop immediately.

The Congress cannot sit around and expect a miracle to happen. We have been in session for 8 days without any program, in spite of being called back by President Roosevelt in the special session on account of urgent necessity, although the necessity has not yet been disclosed. The session to date has been a farce, with little or no prospect of doing anything constructive.

Eight days out of the possible 6 weeks have gone with nothing accomplished. In all probability a week will be taken out from Christmas to New Year, and a couple of days for Thanksgiving. This would eliminate 9 more days, leaving 21 legislative days, excluding Sundays.

The President's message referred to encouraging private enterprise to build with aid of Government credit, but no building program has been introduced and no hearings have been held by the committee in charge of such legislation.

There has been a tremendous Government ballyhoo as to what would be done to help set in motion a private building boom. Only last August the Congress adopted the administration slum-clearance and low-cost-housing bill, which was likewise ballyhooed by New Deal propagandists as the solution of the housing situation. Although I voted for the bill,

I never liked it and said so openly and knew that it would accomplish very little.

The Wagner-Steagall bill merely put the Government into building human beehives in big cities without the possibility of private ownership. I pointed out repeatedly that this was the wrong approach to the problem and should have been handled by private industry backed by Government credit.

If the administration is serious or intelligent enough to appreciate the housing needs of the country, which I doubt from past experiences, I hope it will stop building more huge apartment houses. I urge the erection of 1,000,000 small houses, not exceeding a cost of \$5,000 apiece, in the vicinity of our largest centers of population by use of Government credit. This would do more to curb radicalism, socialism, and communism than anything else. Home owners are not Communists.

I would favor a bond issue of \$5,000,000,000, and believe it would be the best and safest investment ever made in both humanitarian welfare and good citizenship. The details could easily be worked out as to whom to entrust the funds, whether building and loan associations, savings banks, building companies, or other authorized organizations. The interest rate should be as low as possible, around 3 percent, and for at least 20 years.

Great Britain and other nations such as Germany and Sweden have engaged in huge housing programs and we can learn from their experience. We may have to loan direct to building companies. It would be an easy matter to arrange to have all mortgages guaranteed by the Federal Government.

If other great nations can pull themselves out of a depression by use of Government credit to build homes for their wage earners, then we can do it in the United States. The time to begin is at once, and the way to begin is to begin.

Four years ago President Roosevelt stated that one-third of our people were ill-housed and, if that is so, then he has been derelict in not proposing a proper, sound, and adequate housing bill instead of the makeshift that was enacted into law at the last session of Congress.

The American people are looking to Congress for immediate action to lead the country back to recovery and employment. Will these hopes be justified, and will Congress do something constructive to help solve the economic situation, restore confidence, and bring about a revival of business? I reluctantly and regretfully believe that this is just another mirage.

I would much prefer a prosperous America than to benefit politically from a depression, but there is no reason or basis upon which to expect anything from the present utterly confused Congress. It is perfectly obvious to all classes of Americans that the Congress should get on its hind feet and legislate away some of the unfair and unjust taxes levied on business. But will they? No; certainly not at this session.

They should immediately modify both the undistributed-profits tax and capital-gains tax as a token of good will toward business. Instead the Congress will dawdle along and waste time and money doing nothing.

It is a sad commentary on the Congress, but unfortunately it has made a record for sheer incompetency and inaction that has not been equaled in the memory of man. It will take more than a mere revision of tax laws to pull the country out of the Roosevelt depression. Tax revision is just a step in the right direction, but not the cure. It would be a mistake to think of tax revision as more than the whipped cream, for that is all it would be and nothing more.

To restore public confidence and encourage private enterprise to make profits and employ labor needs a different governmental approach or psychological attitude. It requires a willingness to help business instead of trying to wreck our industrial system by visionary and unsound experiments, punitive taxation, and ruinous restrictions. The present Government-made depression permits no delay. Delays are too dangerous. Congress must act at this session, not next

year, to restore confidence, stimulate private industry, and revive employment of American labor.

With steel production at 31 percent—when I spoke last week on the floor of the House it was then 39 percent—with steel production at 31 percent, the lowest since the economic collapse of 1932–33, with building at a standstill, and carloadings decreasing every week, the administration cannot afford to be blind to the facts that everyone else knows.

The genesis and genius of the New Deal is one man. President Roosevelt has seized the controls and has unprecedented power over the value of money, banking, industry, commerce, and agriculture. Will any ardent or even fanatical New Dealer deny that if the country prospered the New Deal would have claimed and been entitled to the lion's share of the credit? I admit my own error, because I thought even New Deal fallacies and economic blunders could not wreck our industrial system in a country having such great resources and potential wealth. I did not anticipate a depression at least until after a few years of real prosperity.

This depression is not due to years of prosperity and over-speculation as in 1929. It is a Government-made or a Roosevelt depression, and I do not propose to mince my words. On the other hand, back in 1932–33 many much-needed reforms such as regulation of the stock exchange and of the security exchange were adopted. I also favored the Home Owners' Loan Corporation Act, the Farm Mortgage Act, the C. C. C. camps, and more recently social security and old-age pensions.

The duty of a minority is to give public utterance to justifiable criticism so that the people back home will know the facts and decide whether they want to continue to throw overboard our American system, based on private initiative and reasonable profit, which has made America the greatest, richest, and freest nation in the world, and our wage earners the best paid, best housed, best clothed, and most contented, or to follow the pattern of European dictatorships of either the left or the right into collectivism, bureaucracy, and state socialism. The American people must decide the issue. The future destiny of our country is in their hands. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from New York [Mr. FISH] has expired.

Under the previous order of the House the gentleman from Illinois [Mr. SABATH] is recognized for 20 minutes.

Mr. SABATH. Mr. Speaker, the gentleman from New York [Mr. FISH] was quite correct when, after his few preliminary remarks on housing, he said he was going to make a political speech. He surely did make one. He charged the President of the United States with every offense that his ingenuity brought to his mind; and when asked if there was anything else he could charge him with, he replied that he would if he could. I know that if he had known, or could have found, anything else with which to charge the President, he would willingly have done so. I am, indeed, sorry, and I regret exceedingly that a gentleman of his standing, though coming from the great State of New York, should permit himself to be used by the very group which have failed to appreciate his former efforts and who are responsible for this temporary depression. He is trying to charge that this is a Roosevelt depression. This I deny. This is a Wall Street conspiracy—a depression conceived to stop the legislation for which we have been called into special session. [Applause.] Later I shall answer the gentleman from New York in greater detail.

At this time, too, I wish to refer briefly to the remarks of the chairman of the Rules Committee, the gentleman from New York [Mr. O'CONNOR]. He points out how we can bring out the wage-and-hour bill and expresses the hope that it can be passed. I am thankful for this assurance. However, he lays great stress upon the recession of business in his district and that we must yield to demands to repeal the capital-gains and undistributed-surplus tax laws. He does not seem to realize that the demand for the repeal of these two tax acts

and the recession of business has been brought about by Wall Street financial and industrial tycoons, reinforced by the United States Chamber of Commerce and similar organizations for the very purpose of defeating the wage-and-hour bill. I am satisfied that if he would investigate the underlying reasons for the recession he will find it was brought about by collusion and conspiracy on the part of the mentioned interests, who are, as he should know, endeavoring to undermine the President and defeat his proposed legislation.

So I cannot accept his argument and his plea that we must do something for business. Business reports that cannot be denied show that up to a few weeks ago we had fared better and done better in the United States than ever before in the history of our country. I have here reports—not editorials, but financial reports—from Republican newspapers showing corporation after corporation declaring dividends, increasing dividends, paying back dividends, and showing profits for the last quarter ending October 1, and a general increase in business.

Mr. THOMAS of New Jersey. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I am sorry, but I cannot yield. I concede that there have been some lay-offs, and I concede that there is a certain depression at this time, all engineered and brought about, however, by a conspiracy as I stated, aided, of course, by the banking group, and assisted by the United States Chamber of Commerce and the manufacturers' associations that have been busy, the last 10 days especially, trying to destroy the confidence that it has taken us 4 years to reestablish, and trying to put fear into the hearts of American businessmen. The average American businessman, unfortunately, is being misled by this Wall Street-hatched conspiracy. Perpetrators of this propaganda hope that by a continuous attack with false and misleading statements and propaganda they will be able to stop us from legislating in the interests of the people; stop us from following the recommendations of the President.

I am for business as much as I am for labor and I would be the last man to say anything or do anything that might affect legitimate business; but I am against the dishonest, crooked manipulators. I am against the Wall Street gang that brought about this break in the stock market, which business, unfortunately, looks upon as a barometer. I remember, and the gentleman from New York remembers, the activities of this same group in 1927, 1928, and 1929, when they unloaded millions and millions of shares of worthless stock upon the American people; a group who, when they had all the suckers in, ordered the crash that brought despair and ruin to millions of our people; that brought want and misery to nearly the entire Nation.

Mr. FISH. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I cannot yield.

The gentleman from New York [Mr. FISH] had hoped, of course, that the American people had forgotten the conditions of 1929, 1930, 1931, 1932, and 1933. Oh, no; the American people have not forgotten those trying days and those years. The American people know that it was President Roosevelt and the Democratic Congress that brought about better conditions; that reconstructed; that rebuilt; that put 9,000,000 men to work; that opened the banks and factories, opened the businesses, saved the railroads, and saved the life-insurance companies; that expended millions upon improvements that will continue to be of lasting value. The people know that; and, regardless of the charges of my friend the gentleman from New York [Mr. FISH] or anybody else, the people have, and will continue rightly to have, confidence in President Roosevelt. [Applause.]

Mr. THOMAS of New Jersey. Mr. Speaker, will the gentleman yield?

Mr. SABATH. Mr. Speaker, I cannot yield. I have something that is so valuable to read that I cannot yield.

Last Sunday's Washington Post prints a matter of great interest. It might have escaped the attention of the gentleman from New York [Mr. FISH] and others. It is a poll taken by Dr. George Gallup, director of the American Insti-

tute of Public Opinion. What does this poll show? Mind you, this is only last week! It shows that the popularity of President Roosevelt is greater today than it was even in 1932 and 1936. And to my New England friends I want to say that the President's popularity has increased in that section, even including the great States of Vermont and Maine, by upward of 3 percent. Despite the continuous attacks upon him the figures show that 62.8 percent of the people favor the President as of today. This, notwithstanding that my colleague from New York [Mr. FISH] and other gentlemen, who day after day, here and throughout the Nation, have tried to undermine his popularity.

And I shall read what Dr. Gallup has to say:

ROOSEVELT POPULARITY AT HIGH LEVEL—POLL SHOWS 62.8 PERCENT FAVOR F. D. R. TODAY—REPUBLICANS GET ONLY 37.2 PERCENT OF MAJOR PARTY VOTE

Back in October 1929 the New York stock market collapsed and values jolted downward in the greatest crash in history. At the following Presidential election the Democrats rode to victory.

This year another severe October crash wiped out billions of dollars in paper values. Mindful of how the stock market debacle of 1929 turned sentiment against Hoover, observers are speculating on a political riddle:

"Has the slump weakened Roosevelt?"

Today the results of a continuous week-by-week survey, conducted by the American Institute of Public Opinion, give an answer to that question for the first time.

In spite of falling business barometers, the personal popularity of the President is still at a high level. For Roosevelt, 62.8 percent; against Roosevelt, 37.2 percent.

ROOSEVELT'S POPULARITY TODAY

The following tables compare President Roosevelt's share of the major party vote in the Presidential election of 1936 with his strength in today's Nation-wide survey by the American Institute of Public Opinion, 12 months later:

United States:	Percent
November 1936.....	62.5
November 1937.....	62.8
Change.....	+0.3
Sections:	
New England States (Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut):	
November 1936.....	54
November 1937.....	57
Change.....	+3

So these attacks that have been made upon the President by men who believe more in political expediency than in the welfare of the Nation will not affect the President's standing with the American people or the confidence they have in him.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I cannot yield.

Mr. CHURCH. Will the gentleman include Illinois, too?

Mr. SABATH. Yes; I will quote to the gentleman from his Republican newspaper from Illinois, the Tribune, a paper that has been assailing the President to a greater degree than any other.

I will not read the editorials, because a vast majority of people do not have great confidence in them; however, people do have some confidence in the financial reports that are printed in various newspapers which cater to these financial manipulators, and I shall quote from the Chicago Tribune of November 20, page 25—big headlines:

Companies pay dividends early to avoid taxes.

Mr. Speaker, I ask unanimous consent that I may insert the names of companies which have declared, paid, and increased their dividends. Most of these reports show that these companies have done a greater amount of business during the past quarter of 1937 than they did in the same period of 1936.

The SPEAKER pro tempore (Mr. DELANEY). Is there objection to the request of the gentleman from Illinois?

Mr. THOMAS of New Jersey. Mr. Speaker, reserving the right to object, and I may not object.

Mr. McCORMACK. Mr. Speaker, I demand the regular order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

Mr. SABATH. Mr. Speaker, I yield to the gentleman because I want this Republican newspaper's financial report

to be published, so that it will refute any misstatements as to the true business conditions.

Mr. THOMAS of New Jersey. The gentleman states he has confidence in the financial reports as published in the newspapers.

The SPEAKER pro tempore. The regular order has been demanded. Is there objection to the request of the gentleman from Illinois?

Mr. SABATH. Mr. Speaker, I yield to the gentleman from New Jersey.

Mr. CHURCH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. CHURCH. The gentleman from Illinois yielded to the gentleman from New Jersey.

Mr. THOMAS of New Jersey. The gentleman yields to me.

Mr. McCORMACK. Mr. Speaker, a point of order. The unanimous-consent request is the first order of business. When that is acted upon, then the gentleman from Illinois [Mr. SABATH] may yield.

The SPEAKER pro tempore. The gentleman is correct.

Mr. CHURCH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. CHURCH. The gentleman from Illinois deserted his request.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The gentleman from Illinois [Mr. SABATH] yields to the gentleman from New Jersey [Mr. THOMAS].

Mr. THOMAS of New Jersey. The gentleman states he has a great deal of confidence in the financial reports appearing in newspapers. I would like to point to one statement that was made in an independent Democratic newspaper last Sunday, namely, the New York Times, which statement showed that the decline in business in the past 3 months has been 20 points, the largest decline in any period of 3 months in the history of the United States.

Mr. SABATH. Mr. Speaker, I did not yield to the gentleman for a speech, but for a question.

Mr. THOMAS of New Jersey. It showed, in addition, that the decline from 1929 to 1931—3 years—was 48 points as against this sharp decline of 20 points in the short period of the last 3 months.

The regular order was demanded.

The SPEAKER pro tempore. The gentleman from Illinois will proceed.

Mr. SABATH. I concede the New York Times is a great newspaper, and I do not question its accuracy, but I do question the interpretation of the article by the gentleman from New Jersey. I know such statement is not borne out by facts regardless of where it may have emanated, because I will convince even the gentleman from New Jersey that that must have applied only to one industry.

Mr. HOOK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. Does the gentleman from Illinois [Mr. SABATH] yield for a parliamentary inquiry?

Mr. SABATH. I yield.

The SPEAKER pro tempore. The gentleman will state the parliamentary inquiry.

Mr. HOOK. After the gentleman from Illinois declined to yield further to the gentleman from New Jersey, can the remarks of the gentleman from New Jersey [Mr. THOMAS] be included in the RECORD?

The SPEAKER pro tempore. Under the rules, the remarks may not be included if the gentleman from Illinois [Mr. SABATH] desires to exclude them.

Mr. HOOK. I move that they be stricken out.

The SPEAKER pro tempore. The Chair may say to the gentleman from Michigan [Mr. HOOK] that it is within the right of the gentleman who has the floor to include the remarks of the gentleman from New Jersey [Mr. THOMAS] or

not, just as he desires. Does the gentleman from Illinois [Mr. SABATH] desire to have the remarks included?

Mr. SABATH. I did not yield for a speech, but I do not object. The remarks may go in, because I desire to include some of the reports from today's New York Times, showing an increase in many businesses throughout the United States. I now read from today's New York Times headline:

Income trebled by oil company. Thirty-six cents a share by Pan American Petroleum compares with 12 cents in 1936. Three times as great income as in 1936.

I read further:

RETURNS OF OTHER CORPORATIONS WITH COMPARISONS

Brown Shoe Co., Inc., and subsidiary: Net profit to October 31, \$793,251, after \$10,000 surtax. Net profit in preceding year \$602,746.

This shows that this shoe company which the lady from Massachusetts [Mrs. ROGERS] has made us believe was on the verge of bankruptcy has made \$191,000 greater profit up to October 31 of this year than it did last year.

Caterpillar Tractor Co., 10 months to October 31: Net profit \$9,686,508, compared with net profit in same period of last year of \$7,736,190. For the 12 months ended in October it showed a net profit of \$11,799,910 against one of \$8,971,420 in the corresponding period for the previous year.

This report shows that the Caterpillar Co. enjoyed a profit of nearly \$3,000,000 more in 1937 than in 1936.

Interstate Bond Co., 6 months to September 30, 1937: Net income \$53,635, against \$33,938 a year ago.

In this instance, the company nearly doubled its net income over a year ago.

Irving Air Chute Co.: Net profit, \$163,802.

The report on this company shows that profit covering the first 9 months of this year. It further shows that the business for this period is nearly as great as for the entire year of 1936.

Longhorn Portland Cement Co.: Net income up to September 30, \$274,000. For the month of September, \$55,000.

There are many other similar reports that I have not the time to read nor with which I desire to encumber the RECORD.

Let me now go back to the Chicago Tribune, from which I started to quote when I was interrupted:

Edison, Public Service Make Revenue Gains: The Commonwealth Edison Co. and the Public Service Co. of Northern Illinois, controlled by Edison, yesterday reported increases in gross revenues and net income for October and the first 10 months of 1937 over the corresponding period a year ago.

Gross revenues of Edison in October were \$7,345,629 compared with \$6,828,901 in October 1936.

General Electric Co. votes \$1 a share: General Electric directors ordered a year-end dividend of \$1, payable December 20 to stockholders of record November 26, bringing payments for 1937 to \$2.20, against \$1.50 in 1936. Forty cents a share has been paid by the company in recent quarters. The latest disbursement will give \$29,600,000 to about 188,000 stockholders.

Park & Tilford: Park & Tilford ordered the distribution of \$1 a share to stockholders in addition to the regular quarterly payment of 50 cents.

International Business Machines Corporation pays stock and cash: A stock dividend of 5 percent and a cash distribution of \$1.50 were voted by International Business Machines directors.

The Crane Co.: Directors of Crane Co. voted a dividend of \$1 on the common stock, the first payment since December 15, 1931.

Colt's Patent Fire Arms Co.: Colt's Patent Fire Arms Manufacturing Co., Hartford, Conn., announced an extra dividend of \$2.37½ and a quarterly dividend of 50 cents on the common stock. The company paid 37½ cents on September 30.

Electric Storage Battery Co. voted a year-end dividend of \$1 on the common stock, and also on the cumulative participating preferred shares.

The Commercial Credit Co. declared an extra \$1 dividend and a regular \$1 quarterly dividend on the common stock and the regular quarterly dividend of \$1.06½ on the 4½-percent cumulative preferred.

Gamewell Co. declared a dividend of \$4 a share to clear up accumulations on its preferred stock. It also voted \$1.50 for the current quarterly payment.

Further, I read from the Chicago Tribune:

DAY'S DIVIDEND DECLARATIONS

Dividends declared yesterday, with rate, period, and payment, and record dates, follow:

Stock, rate, period	Payable	Stock of record
Am Hide & L pfd, 75c q	Dec. 31	Dec. 23
Am Sumatra Tobacco, 25c q	Dec. 15	Dec. 1
Do., 50c ex	Dec. 15	Dec. 1
Baldwin Rubber, 12½c q	Jan. 20	Jan. 15
Bayuk Cigars, 18½c q	Dec. 15	Nov. 30
Do., 25c ex	Dec. 15	Nov. 30
Budd Wheel 1st pfd, \$1.75 q	Dec. 31	Dec. 17
Do., 25c participating	Dec. 31	Dec. 17
Centrifugal Pipe, 55's	Dec. 10	Nov. 30
Chesapeake, 75c	Jan. 1	Dec. 8
Do., 20% stock	Jan. 1	Dec. 8
Crane Co., \$1	Dec. 15	Dec. 1
Do., 5% pfd, \$1.25 q	Dec. 15	Dec. 1
Colt's Patent F Arms, 50c q	Dec. 20	Dec. 1
Do., \$2.37½ ex	Dec. 20	Dec. 1
Compo Shoe Mach, 25c q	Dec. 15	Dec. 4
Do., \$1 ex	Dec. 15	Dec. 4
Finance Co. of Am A, 15c q	Dec. 24	Dec. 14
Do. B, 15c q	Dec. 24	Dec. 14
Gamewell pfd, \$4 acc	Dec. 15	Dec. 6
Do., \$1.50 q	Dec. 15	Dec. 6
Gen Pub Utilities, \$3	Dec. 18	Nov. 30
Do. \$5 pfd, \$1.25 q	Dec. 23	Dec. 18
Edison Bros Stores, 25c q	Dec. 20	Nov. 30
Do. pfd, 62½c q	Dec. 15	Nov. 30
Elec Stor Bat, \$1 year end	Dec. 21	Dec. 1
Do. partic pfd, \$1 year end	Dec. 21	Dec. 1
Gen Electric, \$1 year end	Dec. 20	Nov. 26
Gen Outd Advert pfd, \$6 acc	Dec. 21	Dec. 9
Gillette Safety Razor, 25c q	Dec. 17	Dec. 1
Hazeltine, 75c q	Dec. 15	Dec. 1
Hummel-Ross Fibre, 20c ex	Dec. 15	Dec. 1
Ind H-El P 7½ pfd, \$1.75 q	Dec. 15	Nov. 30
Ind P & L 6½ pfd, \$1.62½ q	Jan. 1	Dec. 4
Intl Business M., \$1.50 q	Dec. 23	Dec. 15
Do., 5% stock	Apr. 1	Mar. 15
Kansas C S R 4% pfd, \$1.50	Dec. 15	Nov. 30
Koppers pfd, \$1.50 q	Jan. 2	Dec. 11
I. Magnin & Co., 25c q	Dec. 15	Nov. 30
Mesta Machine, \$1	Jan. 1	Dec. 16
Mother Lode Coalition, 45c	Dec. 23	Nov. 29
Muskogee Co., 65's	Dec. 15	Dec. 4
Pacific Indemnity, 40c q	Jan. 1	Dec. 15
Do., 10c ex	Jan. 1	Dec. 15
Parke & Tilford, 50c q	Dec. 20	Dec. 1
Do., \$1 ex	Dec. 20	Dec. 1
Pitts Metallurgical, 25c	Dec. 15	Dec. 3
Quaker Oats, \$1.25 q	Dec. 24	Dec. 1
Do. pfd, \$1.50 q	Feb. 28	Feb. 1
Sunshine Mining, 75c	Dec. 15	Nov. 30
U S Sugar, 10c	Dec. 10	Nov. 30
Victor Equipment pfd, 25c q	Dec. 15	Dec. 4
Wisconsin Invest, 20c	Dec. 15	Nov. 27
Youngtown Steel Door, 75c	Dec. 15	Dec. 1

In the table, the letter "q" refers to regular quarterly dividends, "ex" to extras, and "acc" to payments on accumulations.

PUBLIC SERVICE REVENUES UP

Public Service had October gross revenues of \$3,446,164, against \$3,291,895 in October 1936. Net income was \$374,335, equal to 43 cents a share, compared with \$288,335, or 31 cents a share, last year.

Gross revenues for 10 months totaled \$34,167,527, against \$32,344,569 a year ago. Net income was \$3,841,751, or \$4.46 a share, compared with \$2,782,301, or \$2.96 a share, last year.

The Chicago Pneumatic Tool Co. yesterday reported net profit of \$420,486 for the September quarter. In the corresponding quarter last year its profit was \$307,195.

ILLINOIS ZINC HAS GAIN

Illinois Zinc Co. announced net profit was \$111,428 for the fiscal year ended September 30, equal to \$1.17 a share. The company earned \$57,888, or 80 cents a share, in the preceding year. The figures include results of the company's mining subsidiary.

Midwest Oil Co. reported net income of \$571,714 for the first 9 months of 1937 against \$116,278 in the corresponding months last year.

Now, please remember, colleagues and calamity howlers, that I am quoting only from the dividends reported Saturday, November 20, the last issue of the Tribune I have had an opportunity to peruse.

Not only that, but I notice many other dividends mentioned in another Chicago newspaper unfavorable to President Roosevelt. Aside from the reported dividends, I have also observed the statement that the retail trade is 12 percent above the year 1936.

In view of these facts and reports, do you not think you would be wise to show, especially at this time when the gambling fraternity is pursuing its destructive policy which is bound to affect the welfare of the Nation, you owe it to yourselves and to the country, regardless of your party, to lay away your hammers? Stop knocking and, instead of abusing, start to aid the President and us who are honestly trying to continue to improve conditions and bring about better times.

Lest I forget, I want to read the following:

TWELVE-MONTH POWER OUTPUT SETS NEW ALL-TIME PEAK

WASHINGTON, D. C., October 30.—The Federal Power Commission reported today that production of electricity for public use in the United States reached an all-time peak of 118,809,000,000 kilowatt-hours in the 12 months ended September 30.

I also quote an article bearing on the dividends voted in October of this year, they being the largest payments of dividends made in the same corresponding month since 1930:

DIVIDENDS VOTED IN OCTOBER AGGREGATE \$304,634,647

NEW YORK, October 30.—Dividends amounting to \$304,634,647 were declared by 888 companies in October, against \$363,170,461 by 1,311 companies in September, and \$242,696,453 by 849 in October 1936. Last month's payments were the largest for any October since 1930, when 1,159 corporations disbursed \$310,112,902.

Mr. Speaker, I will now quote from the Christian Science Monitor, also of last Saturday, and I presume some of you might be surprised I have that paper. [Applause and laughter.]

May I say that some thousand economists were asked for their opinion as to the condition of the country and whether they thought the present depression is similar to the Hoover-Republican depression of 1929, 1930, 1931, and 1932. All of these economists practically are Republicans, yet 85 percent of them stated, "No, no," because they know the existing condition has been created willfully and deliberately to blackjack Congress and the President of the United States in order to bring about repeal of the capital gains and undistributed surplus tax measures which were enacted by the Congress only last June.

The question was as follows:

Is the 1929-32 depression likely to repeat itself at the present juncture?

Their answer was preponderantly "no." In fact, here is the tabulation:

A classification of all the answers yields this result:

Total replies.....	966
No.....	768
Qualified no.....	24
Doubtful.....	28
Yes.....	820
Qualified yes.....	37
Doubtful.....	27
Impossible to classify.....	16
No answers.....	80
	7
	59
	966

Of all these 1,000 economists, I consider F. W. Taussig, editor of the Quarterly Journal of Economics, the outstanding of them all, and this is how he answers the question, "No."

Question: Give chief reasons for present recession.

Answer: The chief immediate cause seems to be industrial and mercantile overoptimism and overdoing in first half of 1937—at that time a natural procedure.

The reaction is partly ascribable to the labor situation; how important a factor this may be cannot be said. It tends to be exaggerated.

The present slackness has been intensified by the stock-exchange recession, which was largely a consequence of the gambling in stocks by thousands of ignorant persons easily made panicky.

W. F. Ogburn, former president, American Sociological Society, answers as follows:

I don't think so. The probabilities are that a depression occurring before we are all the way out of the preceding depression will be a slight one. There still seems to be a shortage in a good many lines.

Roger W. Babson, president, Babson's statistical organization, replies as follows:

Question: Give chief reasons for present recession.

Answer: Our Nation today is swept by the epidemic of a new disease. It is "the jitters."

What causes nerve epidemics like the jitters? In the economic sense it is due to faulty diet: The public has been stuffing itself with fears and starving itself on facts. The indicated treatment

is to swear off on rumors and get back to a wholesome fare of fundamentals. At least, we can get rid of one cause of jitters, which is war scares.

Question: What is most needed in regaining the trend to recovery?
Answer: Confidence.

Mr. O'CONNELL of Montana. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Montana.

Mr. O'CONNELL of Montana. Does not the gentleman think that business ought to get off the sit-down strike it is on at the present time?

Mr. SABATH. I thank the gentleman to remind me, as I did desire to call attention to it. The laboring people were criticized for trying to bring about a living wage through a new system of enforcing their demands by sitting down; however, the bankers of Wall Street, as well as the national manufacturers and commercial organizations, have started a real strike, not to obtain a living wage, but to increase their own wealth and power, and that irrespective of the welfare and the best interests of America.

I wish I had the time to read a letter from the Investment Bankers' Association of America. These bankers fear the tax we have levied may affect their again issuing stocks wholesale, millions and millions of dollars' worth. They are fearful they cannot again get the people interested in investing in many of the worthless securities for which they have been responsible in the past.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. The gentleman is the dean of the House and a member of the important Committee on Rules. Has the gentleman any views to express in regard to the leadership of the Republican Party in losing sight of its responsibility to make constructive suggestions and constructive criticisms rather than engage in the dilatory tactics it has been following this session?

Mr. SABATH. Personally, they have my heartfelt sympathy, and I do not mean the Republican Members of the House. They surely have been trying their utmost in assailing President Roosevelt and then voting for most of the constructive measures which he has recommended. But the Republican Party leaders—the followers of Hoover on one side and the followers of Landon—and by the way I want to remind you whom I mean, I mean the last Republican candidate for President, on the other side, and some other followers of the gentleman from Idaho; their views differ so widely that they do not and cannot make any constructive suggestions, and, consequently, can only rely on the vilifications heaped upon the President in speeches on the floor of the House and articles in Republican newspapers. [Applause.]

I cannot refrain, in closing, from saying that it is, indeed, gratifying to me that there are some Republicans in the New York delegation like my friend, Judge CULLEN, who, though an ardent Republican and party man, in his heart resents the unfair accusations and charges of which some of his colleagues are guilty. If we must have Republicans on the other side, how much better it would be to have men of such high character as my colleague who is to follow me.

Mr. Speaker, under the leave granted by the House I include my original prepared speech, which I intended to make, and would have made had it not been for the fact that I have been rather riled by the gentleman from New York and the gentleman from New Jersey, which, I admit, I thought was a pretty good speech, and which contains some valuable information, and which I am not going to deny the Members and the country to have.

In conclusion, I desire to insert an extract from a pamphlet from the Illinois Chamber of Commerce, signed by C. G. Ferris, executive vice president, which pamphlet has not only been sent out by the Illinois Chamber of Commerce but similar ones by nearly all the chambers of commerce of the various States. It typifies to what extent they have gone, and the concluding paragraph of the pamphlet, which I here quote, speaks for itself:

CONCLUSION

Congress will consider many matters. It will resume all legislative activity which worried you last spring and summer. New items will be brought up. But the major "reforms," including Court packing, wage and hour legislation, Federal Trade Commission amendments, the old O'Mahoney licensing bill, revision of T. V. A. programs—these, and others—will be always in the background ready to be brought to the foreground.

Businessmen talk to their Congressmen. They must talk to their friends. They must talk to their employees in an employee-relation partnership that will tell the true story.

Here are the names. Give these men your philosophy before the special session gets far under way. Establish a contact with these Congressmen that you can utilize whenever and wherever called upon to do so. It is the only way.

[Prolonged applause.]

[Here the gavel fell.]

Mr. SABATH asked and was given permission to revise and extend his own remarks in the RECORD, as follows:

Mr. SABATH. Mr. Speaker, ever since the convening of the extraordinary session of the Congress the hired publicists, propagandists, and professional lobbyists have kept the newspapers and the magazines working overtime in the dissemination of misinformation derogatory to the present administration and instilling fear of the results of the extraordinary session.

It is a matter of genuine regret that not only Republicans but even a few misguided Democrats have been seduced by this vicious, diabolical, poisonous propaganda, which emanates principally from Wall Street and is peddled particularly by the United States Chamber of Commerce and the National Association of Merchants and Manufacturers.

The real reason for the present campaign of misrepresentation is—which I believe a thorough investigation would prove—to defeat the proposed wage and hour and farm legislation and to attempt to blackjack the President and Congress into repealing the capital-gains and undistributed-surplus taxes.

Were it not that some of this propaganda is used by apparently well-meaning but misled businessmen, as evidenced by the great quantity of mail, I, and no doubt others, have received, I would ignore it.

Although the Wall Street manipulators, who caused the great crash of 1929, which was followed by 4 years of unparalleled misery and want, seem, unfortunately, to have again been successful recently in their manipulations on the stock exchange, they will not succeed permanently.

I refer to the same group who brought about the crash of 1929 and who shamefully acquired, between 1929 and 1932, thousands upon thousands of shares of stocks and bonds at only a fraction of their true value, and then early this year by cruel and wanton manipulation unloaded them at 10, and in some instances 20, times the amount paid for them. This self-same conniving group has lately, with the aid of professional gamblers and short sellers, beat down prices of stocks and bonds so that they, knowing their true value, may repurchase them at their own prices, and reap an unconscionable profit. Although they may succeed temporarily in destroying their true value they will never succeed in destroying, even temporarily, the transcendent and enduring confidence the American people repose in their great and courageous President. Of that I am sure.

Mr. Speaker, in October 1929, I started the investigation of the stock-exchange manipulations and ever since have continued to observe their unscrupulous activities. I watched the rise in these shares, especially in the last 2 years, even above the artificial prices of 1929. Recently, when I learned through the reports of the Security and Exchange Commission of the sales in blocks of thousands of shares on the part of insiders, I feared the European unsettled conditions and the Sino-Japanese situation was the cause. Further investigation disclosed that this was not the true situation, but that an organized movement was on not only to sell large blocks of share holdings but, also, on the part of some, to sell against the "box" and to sell "short." Upon further inquiry I learned that many bankers and

brokers advised people to sell. I came to the conclusion that they had a three-fold purpose, namely:

First. To make money.

Second. To destroy confidence.

Third. To undermine the President.

In carrying out their diabolical scheme, they utilized and magnified the unsettled foreign situations. Then, upon word from Wall Street headquarters, the foreign unloading of stocks commenced, under the leadership of Lord Rothermere and Lord Beaverbrook and several of our own overlords.

Notwithstanding the increase in business and profits, believing that the prices of stocks were unjustifiably high and, therefore, I felt a small margin requirement of 10 percent on short sales might arrest the continuous rise in prices. However, notwithstanding the low margin of 10 percent on short selling, the gambling fraternity was not selling short on the rising market. The short selling only takes place on a down market to accelerate the downward trend.

When I observed on September 17 the activities of the professionals and strongly suspected—only later to be confirmed in my suspicion—a plan of action to duplicate the 1929 crime, I wrote a letter to the Federal Reserve Board and to the Securities and Exchange Commission. The following week I addressed further communications to them and also apprized them of what I surmised, urging the increasing of margins on all short selling. Not receiving satisfactory replies, I sent the following open telegram to the President:

10 SOUTH LA SALLE STREET,
Chicago, October 18, 1937.

HON. FRANKLIN DELANO ROOSEVELT,

President of the United States, Washington, D. C.:

The Wall Street conspiracy is causing consternation. Strong measures must be taken against them immediately to save the Nation from a recurrence of the 1929 debacle. Just been informed that the bankers and brokers are advising people to sell their securities before it is too late, and I again urge that firm steps be taken immediately to frustrate this diabolical plan. Short sales have to a great measure aided the downward impetus, and they should be restrained by increasing the margins on short sales to 90 percent and reducing margins on long transactions to 25 percent. Even inflation should be resorted to in order to frustrate their destructive plans.

A. J. SABATH.

The Federal Reserve Board acted and increased the marginal requirements on short selling to 50 percent; and while I originally asked they be increased to 33½ percent, however, in my last wire to the President and the Board, when I learned of the tremendous short selling, I urged an increase to 90-percent margin on short selling. Though these margin-requirement increases had a wholesome effect for a week, yet the professionals and those in the conspiracy were so well entrenched and the profits on their short sales so great that they were in a position to comply with the increased margin requirements. Shortly thereafter the Security and Exchange Commission asked for a report, and on October 20 the stock-exchange report given to the press on five outstanding issues attempted to minimize the effect of short selling on the market, and this notwithstanding that it showed that from September 7 to 25 and before the big drive commenced that over 30 percent of United States Steel was short sales, or approximately 250,000 shares were sold short. On the A. T. & T. the amount was 33½ percent. But that was not all. Additional 21 percent of sales were against the "box," so in these two outstanding issues over 50 percent of sales were "short" and "against the box." No figures were given as to the "wash" transactions, which are to be more strongly condemned than even selling "short" or "against the box."

I am satisfied that true reports will disclose a still greater percentage on such selling against the cheaper issues where the small companies cannot protect their stock, even if so inclined, because they have it up as collateral with banks with the result that they are sold out and frequently ruined or completely destroyed. If these transactions are not criminal in their nature against the small or actual holders of these stocks, it is nothing less than treason when the motive

is to destroy confidence in the Nation and intended to stop the passage of legislation or bring about the repeal of legislation as in the present instance. I have in my possession evidence to the effect that that is the underlying aim on the part of Wall Street. It is a conspiracy against the Nation, and not only should the Securities and Exchange Commission rely on private organizations to investigate but they should utilize every man at their disposal to bring to light this vicious activity; yes, crime. Not only that, but the Department of Justice should do likewise, and obtain the secret codes and evidence of the perpetrators of this conspiracy. If they do not, I will again demand congressional investigation. That these activities had effect upon legitimate business cannot be denied. But not only have the stock manipulations been used for the purpose of blackjacking the President and Congress but the unwarranted lay-offs of labor and suspending of business should also be looked into.

I am satisfied that when all the facts of the destructive efforts of the last few months are truly revealed, when the extent to which some organization such as the National Association of Merchants and Manufacturers, the Investment Bankers of America, and their hired publicists and propagandists have done, the vast majority of the American people with intelligence and fervor will rally to the wholehearted support of the policies of President Roosevelt. Many who have permitted themselves to be used by the Wall Street gentry and the destructive forces will, I believe, live to regret their weakness.

While the power companies 2 years ago tried to make the country believe by a propaganda costing not less than two millions that they were about to be destroyed, yet during the last 12 months the production of electricity for public purposes reached a new all-time peak of 118,809,000,000 kilowatt-hours and are ready to expend \$3,600,000,000 if the President will let them have their way.

Again, last Saturday's report shows that the retail trade of the United States is exceeding prosperous 1936 by 12 percent.

I shall not detain the House by reading the financial reports of Du Pont, Sears, Roebuck & Co., Montgomery Ward & Co., the International Harvester Co., American Can, and many other so-called "blue chip" corporations. Suffice it to say that most of them have made even greater profits than they made in the banner year 1929. You will recall how all the mail-order and chain stores shed crocodile tears when the Robinson-Patman bill was being considered.

I ask how the profits and the back dividends were made possible, by the Hoover or by the Roosevelt policies?

The years 1930, 1931, and 1932 must not be repeated. They brought incalculable want and misery to most of the people of America. Life insurance companies were in an unstable condition; banks were forced to close and a majority of the businesses closed. Railroads, cities, and States were on the verge of bankruptcy, thousands, not finding a solution, took their own lives, many thousands were compelled to live in dugouts and, as I have often said, notwithstanding that our fields, forests, and mines were then producing in tremendous quantities, nor were certain sections of our country suffering from droughts, floods, and dust storms as in 1935 and 1936. No; these conditions must not be repeated, regardless of the diabolical conspiracy that has been hatched by the avaricious, powerful, and wealth-seeking few who would not hesitate to reestablish purgatorial days for a whole Nation, themselves excluded.

Only through the courageous and enlightened leadership of President Roosevelt have we been able in the last few years to reestablish confidence, eliminate despair and effect the reemployment of nearly 9,000,000 workers, feed the hungry, and clothe the needy.

Millions of dollars were advanced to the railroads for their rehabilitation. Policyholders in insurance companies and depositors in banks saw disaster threatening their savings, but this threat was, happily, repelled when this administration came to the aid of these companies. States, municipi-

palities and cities were helped, and untold thousands of businesses were saved from ruin. Homeowners facing loss of their properties found low-interest Federal money available, and millions were expended for slum clearance to better the lot of the suffering masses. Sufferers in the flood, drought, and Dust Bowl areas were afforded relief, when the Government embarked on a great and constructive program of soil conservation, flood control, and reforestation. Public works went ahead at great strides, rearmament for defense in a troubled world, military aviation, armories, coast defenses, all were tremendously increased. To the businessmen was given lower interest rates and easier credit money.

Notwithstanding these tremendous accomplishments for good, the greatest beneficiaries of President Roosevelt's efforts now stop at nothing and permit themselves to be used to effect unwholesome measures and destroy other measures he has advanced, all because they feel that they must not be restricted in their nefarious operations.

They claim they will not allow interference by the Congress or even the President in their operations. May I not ask whether there was any interference on the part of the Presidents or the Congresses in their ruinous activities from 1920 to 1932 which you Republicans are endeavoring to have the people forget? They had full sway and we all sadly remember what they did, not for, but to the country.

I wish the time would permit me to read extracts from circular letters of the Investment Bankers Association, from the United States Chamber of Commerce, and the National Association of Merchants and Manufacturers to show why such organizations are opposing existing and proposed legislation. The bankers want to effect a repeal of the capital gains and undistributed-profits taxes and manufacturers to defeat the pending wage and hour legislation. For instance, the Investment Bankers Association of America, at its annual convention at White Sulphur Springs, W. Va., November 6, 1937, said, in part, speaking of the capital gains tax, that "In the opinion of the association, among other harmful effects, this tax has been in part responsible for the impairment of values which has lately taken place upon the public-securities markets in this country with resultant adverse influence upon the ability of the business of the country to procure further new capital needed for productive industry." In other words, the complaint seems to be that they cannot again unload millions and millions of shares of dubious stock and bonds upon a gullible public on their own terms, as in the years 1927 to 1929.

I concede that there has been a recession in business and an increase in unemployment. This has been evolved by the predatory interests who have willfully, deliberately, and designedly reduced their working forces, limited operations, and withheld purchasing of necessary supplies and materials, all with a view to imposing their own selfish will upon existing and forthcoming legislation.

From the Chicago Tribune of November 21, 1937, I read that—

Motor output rises, but far below year ago. * * * The big decrease from a year ago is accounted for in part by the Ford Co.'s delay in getting into volume production this year—

The agency said.

This policy of delay has been followed by a large number of other corporations to instill fear of recession of business and unemployment. This infamous practice is nothing new to informed people and will not stop the President and this Congress from going forward with needed constructive and beneficial legislation. In conclusion, I wish to serve notice that in the near future I will have more to say and evidence to offer with regard to stock manipulations.

EXTENSION OF REMARKS

Mrs. HONEYMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an address made by J. D. Ross, of Portland, Oreg., administrator of the Bonneville project.

The SPEAKER pro tempore (Mr. DELANEY). Is there objection to the request of the gentlewoman from Oregon?

There was no objection.

The SPEAKER pro tempore. Under previous order of the House, the gentleman from New York [Mr. CULKIN] is recognized for 20 minutes.

DAIRY RACKETEERING

Mr. CULKIN. Mr. Speaker, during the last regular session of the Congress I called the attention of the Members of the House to the criminal monopoly which was driving the dairy farmer to the wall, and violating every section of the anti-trust act. I called upon the Attorney General of the United States and the Federal Trade Commission to sharpen their swords and attack the racketeering monster which was condemning the dairy farmer to a life of poverty and preventing a supply of wholesome milk reaching the children of the city dweller at reasonable cost.

So far as the Government agencies were concerned, my demands went unheeded and the processes of racketeering monopoly went on unchecked. In fact, these monopolists of which National Dairies and Borden are typical have committed greater excesses against the laws of the country and have become bolder in their racketeering and criminal operations. The reason for this is probably due to the fact they have been hiring more and better lawyers of Democratic persuasion and have felt that their situation was thereby made more secure.

ANOTHER REPORT

The charges I made then have been reinforced and emphasized by a new report which has just come from an investigation of monopoly control by the food trusts and middleman made by the Federal Trade Commission. This report is amazing in its character, and if there is any virility remaining in the processes of popular government, immediate action is demanded. The official title of this report is the Agricultural Income Inquiry.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield for a question?

Mr. CULKIN. I will yield later to the gentleman, if he will excuse me now.

The report establishes that the farmers and consumers of America are alike at the mercy of a predacious food trust which gives the farmer but little for his product and then raises prices to a larcenous degree.

For the purposes of emphasis I will give the conclusions of the Federal Trade Commission in its own words:

The Commission records with dismay its belief that the survival of independent farming by farmers who own their own farms and maintain an American standard of living is in jeopardy.

The report likewise charges that—

First. Monopoly dominates dairy, corn, wheat, and cotton marketing.

Second. National Dairies and other distributors have been habitual violators of section 7 of the Clayton Act. This section specifically forbids the buying up of capital stock in a competing firm. National Dairies has gone blithely ahead, violating this section hundreds of times, apparently with some assurance from the powers that be that their performances will be condoned and winked at. I am not of a suspicious nature, but in passing wish to say this fact seems to indicate venality and corruption here at the seat of government.

Third. The report shows that the distributors studied by the Commission made substantial earnings during the depression. It points out that in the period 1929-34, 10 milk and milk-products companies made net profits of 10.25 percent on the stockholders' investment. Profits of 10 companies handling milk or milk products averaged \$37,428,162 during the years 1929-34. In the field of dairy products the bulk of the supply reaches the distributor or processor direct from the farmers. In this it is different from corn, cotton, or wheat; yet the trust took 50.49 percent and gave the farmers who produced the milk 43.10 percent. The Commission found that several leading assemblers and wholesalers

in the industry made a net profit of 16 percent on their investment in 1934 and 11 percent in 1935.

I have heretofore called attention of the House to tremendous salaries which are paid by these distributors. Fifty thousand a year is no uncommon salary, and he who runs may read that millions are spent in propaganda and political corruption.

FINDINGS SUPPRESSED

The factual findings in this new report are comprised in eight typewritten volumes and the guerrillas of the Food Trust have been bending their every effort to keeping this report from reaching the public. The report is, in effect, a criminal indictment against the Food Trust, including Borden and the National Dairies, drawn and presented by one of the most responsible organizations in the Government—the Federal Trade Commission. It charges them with criminal violations of the law, yet it has had an indifferent press. I dislike to say it, but the fact is the release of the Commission itself on this report is synthetic and misleading. Thus far the milk barons, who war against little children and the hard pressed dairy farmer, have proven themselves stronger than the administration or Congress. Thus far they have killed the report. Not only that, but they have been brazen enough to garble the findings of the Federal Trade Commission as to the milk industry. The most flagrant of these attempts was a chart which was widely distributed. It purported to come from the Federal Trade Commission and showed the dealers and processors in the dairy field take a smaller share of the consumer's dollar than in other farm products. The chart did not come from the Federal Trade Commission and the fact is that this body finds that the dairyman is more oppressed than any other group.

Now I will yield briefly to the gentleman from Texas.

Mr. McFARLANE. I may state that I am in sympathy with the gentleman's remarks regarding the dairy industry. I notice in today's Washington Daily News that Ford, Chrysler, and General Motors are trying to prevail upon the Department of Justice to dismiss antitrust-law violation suits now pending against them, as well as against units of the oil industry and other big business corporations. I wonder if this Congress is going to sit idly by and let the Department of Justice enter into consent decrees with various big business concerns.

Mr. CULKIN. May I state to the gentleman that as far as the Attorney General is concerned, I have commended vigorously his work in the field of criminal prosecution. Without him, Hoover's excellent work would not have been possible. However, in this field he has been remiss. He claims he does not have enough money. Let Congress give him money enough and then he will have no alibi. I do not believe he has one now.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. CULKIN. I yield to the gentleman from Minnesota.

Mr. KNUTSON. I am surprised to find there are any economic royalists left. We were told 6 or 7 years ago that when the New Deal came into power they were to be put to the sword.

Mr. CULKIN. I may say to the gentleman that a good many of the New Dealers, including Rex Tugwell, who formerly abhorred the profit motive, have since the beginning of this administration become economic royalists. The gentleman knows this.

Mr. KOPPLEMANN. Mr. Speaker, will the gentleman yield to me?

Mr. CULKIN. I will yield to the gentleman briefly.

Mr. KOPPLEMANN. I want to express my sympathy with the purposes of the gentleman's argument, but did I correctly understand the gentleman to criticize the administration in this matter in his opening remarks?

Mr. CULKIN. I am not going to be catechized ad libitum by the gentleman. Has the gentleman a question?

Mr. KOPPLEMANN. Yes.

Mr. CULKIN. What is it?

Mr. KOPPLEMANN. Does the gentleman know that all the arms of the Government have been effective in bringing about the very report upon which the gentleman is now making a speech?

Mr. CULKIN. What I complain of, if the gentleman will listen to me, is that the report in question has been suppressed. The complaint is general on that.

Mr. KOPPLEMANN. By whom?

Mr. CULKIN. Well, it has not been made public. The release on it was synthetic. It has been impossible to get action by the Senate committee to print this report. Senator GILLETTE has turned heaven and earth—but I shall go into that in just a minute.

Mr. GARRETT. Mr. Speaker, will the gentleman yield?

Mr. CULKIN. I am sorry; I cannot yield further. I do not have time.

Due credit must be given Senator GILLETTE, of Iowa, for bringing this report into the light of day and endeavoring to have it printed. That would be a labor of love, but, in my judgment, it is more important the Antitrust Division of New York of the Justice Department should ride these racketeers down and destroy them.

The farmers of the country, and, indeed, the consumers also, are greatly indebted to Farm Research, Inc., for its extremely valuable services in presenting the gist of this report in its publication, Facts for Farmers. Except for the magnificent work of this outfit, the report might have died aborning.

I ask unanimous consent, Mr. Speaker, to include in my remarks that portion of the synopsis of the report made by Editor Coe and printed in Facts for Farmers of November 1937 issue relating to the dairy industry.

The SPEAKER pro tempore (Mr. DELANEY). Is there objection to the request of the gentleman from New York?

There was no objection.

The matter referred to follows:

MILK GIANTS GROW IN POWER—TAKE OVER HUNDREDS OF INDEPENDENT DAIRIES; INCREASE CAPITALIZATION 434 PERCENT; SIX COMPANIES NOW CONTROL ONE-THIRD OF NATION'S MILK SUPPLY; ABSORB 24,000,000,000 POUNDS OF MILK ANNUALLY; FLOUT ANTI-TRUST LAWS

That control of the Nation's milk supply is rapidly passing into the hands of a few giant distributors and meat packers is shown by the fact that six companies now buy one-third of the total commercial milk production in the United States. These six companies in their order of importance are: National Dairy Products Corporation, the Borden Co., Swift & Co., Armour & Co., Beatrice Creamery Co., and the Fairmont Creamery Co.

The growth of monopoly domination in milk is further shown by the rapid increase in the capitalization reported by the large dairies. In the two decades from 1914 to 1934, eight primary milk processors and distributors, other than meat packers, increased their capitalization by 434 percent, with the most rapid extension of control occurring between 1925 and 1930.

List of big milk buyers in 1934

	Pounds of milk purchased (in millions)	Percent of United States commercial production
Milk and milk-products companies:		
National Dairy Products Corporation.....	7,159	9.42
The Borden Co.....	5,168	6.80
Beatrice Creamery Co.....	2,310	3.04
Fairmont Creamery Co.....	1,824	2.49
Carnation Co.....	950	1.25
Pet Milk Co.....	760	1.00
Golden States Co., Ltd.....	737	.97
Atlantic & Pacific Tea Co.....	471	.62
American Dairies, Inc.....	380	.50
Western Dairies, Ltd.....	357	.47
North American Creameries.....	296	.39
Creameries of America, Inc.....	137	.18
Meat packers:		
Swift.....	3,694	4.86
Armour.....	3,572	4.70
Cudahy.....	768	1.01
Wilson.....	730	.96
Kingan.....	258	.34
John Morrell.....	137	.18
Jacob Dold.....	46	.06
Hygrade Food Products.....	38	.04
Geo. A. Hormel.....	30	.05

The National Dairy Products Corporation, the largest handler of milk in the country, exemplifies the process by which monopoly control has been secured in the industry. It was organized and

incorporated on December 8, 1923, when it took over the Rieck-McJunkin Dairy Co., of Pittsburgh, operating in western Pennsylvania and northern Ohio, and the Hydrox Corporation of Chicago. While National Dairy's total sales amounted to \$20,000,000 in the first year, they had jumped to \$375,000,000 in 1930. During the depression, however, they declined somewhat, dropping to \$290,000,000 in 1935.

It achieved its rise to power by taking over independent dairies, ice-cream companies, butter manufacturers, and cheese companies. With its strong backing from Wall Street, it bought up 331 dairy companies in its first 10 years of operation, not including cold-storage houses, advertising agencies, purchasing divisions, and other companies which are not directly engaged in handling milk.

Among the most important companies acquired by National Dairy were the Kraft-Phenix Cheese Corporation, Sheffield Farms Co., Inc., Breyer Ice Cream Co., General Ice Cream Corporation, and the Telling-Belle-Vernon Co., together with their subsidiaries, which, in the case of Kraft-Phenix, amounted to 50 companies.

The present strength of the National Dairy Products Corporation is shown by the following thumbnail summary:

Thirty-three percent of all cheese in the United States is sold by National Dairy.

Twenty-one percent of all ice cream is sold by National.

Nine and one-half percent of the total commercial milk production is taken by it.

Forty-two percent of all the available milk supply in Delaware, Maryland, Virginia, District of Columbia, and milksheds supplying Baltimore and Washington goes to National.

Twenty-five percent of the total milk supply in Alabama.

Twenty percent of the total milk supply in Ohio and Michigan.

Twenty percent of the New England supply as well as that of the New York milkshed.

Eighteen percent of the North Atlantic States.

Thirteen percent in Pennsylvania, including the Philadelphia milkshed.

In adding to its long string of companies, the National Dairy Products Corporation has repeatedly flouted the antitrust laws, yet the courts have never halted its advance. Section 7 of the Clayton Act specifically forbids the buying up of capital stock in a competing firm, and yet this was the method by which National Dairy took over the Western Maryland Dairy Corporation, the Harding Cream Co., Consolidated Products Co., Deerfoot Farms Co., and the Ovson Egg Co., as well as 16 subsidiaries of the Kraft-Phenix Cheese Co., including the Southern Dairies.

In taking over established milk companies, National Dairy, like Borden and Beatrice, has made a practice of organizing the new company under its previous name in order to prevent farmers and city consumers from realizing the extent of its penetration. When milk companies are acquired, the previous owners are forced to sign contracts guaranteeing that they will stay out of competition, and the officers are hired at salaries not uncommonly ranging up to \$50,000 a year. This explains the findings by the Federal Trade Commission in its study of several thousand processors that:

"Among the processors reporting for the entire period 1929-35, those that paid the highest total compensation per company were milk processors and dairy-products manufacturers."

The Federal Trade Commission reports that six milk and milk products companies paid 89 officers at an annual rate averaging \$22,964 apiece during the depression years, 1929-35.

Borden started its rise to power in 1899, buying out the New York Condensed Milk Co. It operated under the name of Borden's Condensed Milk Co., since it originally limited its activities to condensing milk. In 1919 it took the name of the Borden Co. By 1927 its net sales amounted to \$345,000,000; it operated 3 milk-distributing companies, 7 manufacturing and selling companies, as well as 25 other subsidiaries.

After 1927 the Borden Co. began a vast campaign of acquisition, by which it annexed 207 separate enterprises to its domain. Among the most important conquests were the Reid Ice Cream Co., the J. M. Horton Ice Cream Co., Merrell-Soule Co., Gridley Dairy Co., Weiland Dairy Co. and affiliates, Casein Co. of America and its chain, together with Central Distributors and subsidiaries.

Beatrice, the third largest dairy, reported total sales of \$84,000,000 in 1930, at which time it had just completed a 3-year program of expansion by buying up 70 dairy companies.

Various attempts have been made to garble the findings of the F. T. C. in the milk industry. The most flagrant of these attempts was a chart that was widely distributed in the press; it purported to come from the F. T. C. and to show that the milk distributors and processors take a smaller share of the consumer's dollar than in the case of other farm products. Actually this chart did not come from the F. T. C. and at no place in its lengthy report of eight tomes does the F. T. C. draw the conclusion that the farmers enjoy more favorable treatment from the Dairy Trust than from other monopolies.

The F. T. C. states that the companies studied by it "made substantial earnings throughout the depression." It points out that in the period 1929-34 the 10 principal milk and milk-products companies made net profits amounting to 10.25 percent on the stockholders' investment. Profits of 10 primary companies handling milk and milk products annually averaged \$37,428,162 during the lean years 1929-34.

The Federal Trade Commission further points out that, in considering the margin going to the distributors, it should be borne in mind that milk is different from other major farm products. It does not pass through the hands of a long line of middlemen;

the bulk of the supply reaches the distributors or processors direct from the farmers. Moreover, the amount of processing relative to the total supply is slight in comparison with other products, and fluid milk is, for the most part, sold directly to the consumers. With the average retail price amounting to 12.02 cents per quart in 1934, the Federal Trade Commission figures that the distributors took a margin of 50.49 percent with 6.41 percent going for transportation and 43.10 percent to the farmers. That the percent to the farmers is not favorable is shown by comparing milk with another product requiring little processing, such as eggs, for which the farmers, according to the Department of Agriculture, got 60 percent of the retail price last year.

The processing of meat is considerably more expensive than that of milk, and yet one finds that the margin retained by the packers, exclusive of the wholesalers and retailers, amounts, for example, to 13 percent of the consumer's dollar in the case of beef as compared with the 50.49 percent taken by milk distributors.

The Federal Trade Commission based its analysis of margins only on fluid-milk sales in 1934. Aside from the fact that retail milk prices have now been boosted to 14 cents and higher in many areas, it should also be pointed out that if the sale of milk products is included, the margin to the distributor-processors is found to be much greater.

The Federal Trade Commission found in its study of 11 large distributors that for every \$100 of gross sales, \$3.22 amounted to a net profit—one of the highest rates of profit found in any industry.

SIX BIG MILK CANNERS—CONTROL TWO-THIRDS OF NATION'S TOTAL OUTPUT OF CANNED MILK WHILE FOUR FIRMS MARKET OVER HALF

More than half of the canned milk marketed in the United States comes from four companies, and more than two-thirds of the total supply comes from six companies.

Ranking of milk canners on 1934 sales

	Annual sales (million pounds)	Percent of total United States output
Carnation Co.	332.5	18.74
Pet Milk Co.	242.3	13.66
The A. & P.	211.4	11.92
Borden Co.	173.9	9.80
National Dairy	95.7	5.39
Armour	90.4	5.10
Total	1,146.2	64.61

The Great Atlantic & Pacific Tea Co., through its chain of stores, sold 15 percent of all canned milk retailed in the United States. Thus the figure for the A. & P. in the table, of 11.92 percent, includes only that portion of the canned milk manufactured by plants owned by the A. & P. and does not represent its total retail sales, since it takes milk from other plants.

The total volume of canned milk sold in 1934 amounted to 1,774,000,000 pounds. Of this amount the six manufacturers listed in the table marketed 1,146,000,000 pounds from their own plants.

FIXING BUTTER PRICES—DAIRIES AND MEAT PACKERS SHARE CONTROL WITH THREE OF EACH SELLING ONE-THIRD OF TOTAL UNITED STATES SUPPLY

One-third of all the butter sold in the United States is marketed by six companies, three of these being meat packers and the other three being dairies. The meat packers originally entered the milk industry by way of butter in order to protect their interest in oleomargarine. Their share of the butter trade has steadily grown until now it more than balances that of the three principal dairy companies.

The most important meat packers selling butter are Swift, Armour, and Cudahy. They market 16.8 percent of all butter sold in the United States.

The three most important dairies in the butter business are National Dairy, Borden, and Beatrice. They sell 16.3 percent of all butter sold in the United States.

For their output of butter, the three meat packers buy annually 2,610,000,000 pounds of fluid milk as compared with 2,154,000,000 pounds purchased annually by the three dairies for their butter processing.

The F. T. C. does not give a break-down for specific companies showing the volume of butter sold by each but by far the most important butter processors are Swift National Dairy, Armour, and Borden. The concern listed third among the meat packers is Cudahy, which processes only about one-fourth as much butter as Swift and has an output only a shade larger than that of Wilson.

Complaints against price fixing have long been common in the butter markets. The first official action, however, was not taken until 1914 when the Chicago Butter and Egg Board was charged by the Attorney General with "arbitrarily fixing and controlling the price paid for butter and eggs." The courts upheld this contention, and the Chicago board was discontinued, but price fixing was not halted.

The Elgin Butter Board soon took the place of the Chicago board. The Elgin board met every Saturday at 11:45 a. m. for 15 minutes. Over it presided C. H. Potter, who was president of the milk board as well as of the Milk Producers' Association. Only

four traders usually showed up at these meetings, and the average number of trades amounted to less than two, involving on the average only 51 tubs of butter a week. Of these, 27 percent were never delivered, and in some weeks no sales were made at all, only bids and offers. Nevertheless, the prices were dispatched by wire all over the country, and the prices were followed even in large centers such as New York and Chicago.

So crude was the operation of the Elgin board that it, too, was forced to disband at the end of 1917. Now there is the Chicago Mercantile Exchange. Farm organizations have repeatedly charged it with controlling prices especially by depressing spot butter prices and thus creating artificially low prices on butterfat. The F. T. C. reports that it has no information on the present Chicago exchange, never having made an investigation into its activities. It admits, however, that numerous complaints against this exchange have been sent to the F. T. C.

The Federal Trade Commission found that the seven leading butter brokers, commission houses, assemblers, and wholesalers in the industry made an average net profit of 16 percent on their investment in 1934 and 11 percent in 1935. These companies include the Jerpe Commission Co., Inc.; C. H. Weaver & Co.; the Peter Fox Sons Co.; Hunter, Walton & Co.; Zenith-Godley Co., Inc.; Carl Ahlers, Inc.; and Lewis, Mears Co. These houses had a total volume of business in butter amounting to \$37,000,000 in 1935.

Mr. CULKIN. For the benefit of my colleagues from the cotton, wheat, and corn States I suggest that they get a copy of this publication, *Facts for Farmers*, for November, and examine the findings as to their own localities. I am suggesting that the House Appropriations Committee make arrangements to print this report. I am asking again that the Federal officials charged with law enforcement get busy on the proposition so that life in America may be possible to farmers of every character and that the lives of little children may not be jeopardized to fill the capacious maw of the racketeering Milk Trust.

THE VOICE OF THE WEST

I was greatly interested in some editorial comment in the well-edited *National Union Farmer*, published by the Farmers Educational and Cooperative Union of America at Marissa, Ill. The publication, after discussing this report which they obtained from *Facts for Farmers*, says:

Now we ask those in power who pretend to be so solicitous in behalf of helping the farmer why they do not tackle the job of regulating these few monopolistic market places that actually rob both producer and consumer instead of trying to regulate and regiment six or seven million farmers in controlling their production—a thing that every practical farmer knows only God Almighty can control. The regulating of these few market places to the end that producers should receive at least an average cost of production and that consumers be not overcharged, should be a comparatively easy problem as compared to the regulation of everything under the sun, yes and the sun in the heavens, because we are absolutely dependent upon the heat of the sun and the rains from heaven in growing of our crops. And besides, the regulating of these trusts and monopolies would be constitutional, too, because they are all engaged in interstate commerce.

I agree completely with the editor of this paper. Monopoly, in some of its phases, in violation of the criminal statutes of the United States, is destroying the American farmer root and branch. The facts and evidence are at hand to put the machinery of the law in motion to bring about the redemption of the farmers and consumers alike.

I wrote President Roosevelt a letter yesterday in regard to this matter and am putting it in the *RECORD* herewith:

NOVEMBER 22, 1937.

HON. FRANKLIN D. ROOSEVELT,

The White House, Washington, D. C.

MY DEAR MR. PRESIDENT: I note that you have written Chairman Ayers of the Federal Trade Commission a letter requesting an investigation into the high cost of living.

The fact has not probably come to your notice that the Federal Trade Commission has recently made an 8-volume report entitled "Agricultural Income Inquiry" which is a complete index to the causes for the present high cost of living.

It appears in this report that every phase of farm production, including dairying, corn, wheat, cotton, and beef products, are in the hands of various monopolistic groups, and while these outfits are getting extremely high prices and paying high dividends and salaries, the farmer is threatened with extinction and the consuming millions are unable to make both ends meet.

The growth of these monopolies is graphically pictured in this report and the Commission calls attention to specific violations of the Antitrust Act. My district is a dairying district and I have made a particular study of that phase of it. It is my conclusion that both the farmer and the consumer are being victimized and exploited by the so-called Milk Trust, including National

Dairies and Bordens, and that they are doing this in violation of the antitrust statutes of the United States.

It is my judgment that the issue is a sharp one as to whether or not these outfits are bigger than the Government. I respectfully suggest that you call this report to the attention of the Attorney General with a request that these matters be put in suit at once so that these criminal monopolists may be brought to book.

With best regards, I am,
Very sincerely yours,

FRANCIS D. CULKIN.

If the President will take the helm in this matter and unleash the forces of law enforcement on those criminal racketeers and put some of them behind bars, he will have rendered a lasting service to popular government. It will demonstrate that the forces of monopoly, with its labyrinth of lobbyists and corruption, do not control his administration. It will likewise, at the same time, save from destruction millions of farmers who, according to the findings of the Federal Trade Commission, are in extreme jeopardy.

No sham battle against these forces will serve the purpose. It must be a grim fight to the finish, with the casting out of disloyal Government servants who, while drawing pay from the Federal Treasury, are giving succor and aid to these enemies of the Republic.

Millions of farmers whose economic life is in peril, and more than 100,000,000 consumers, will watch with increasing interest and concern the action of the President in this connection. [Applause.]

Mr. MARTIN of Colorado. Mr. Speaker, will the gentleman yield for a brief question?

Mr. CULKIN. Yes.

Mr. MARTIN of Colorado. What the gentleman has said about the Food Trust and the Dairy Trust, it seems to me, could be said of every field of agriculture, industry, and commerce in the United States—

[Here the gavel fell.]

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent that the gentleman may have 1 additional minute.

Mr. COLDEN. Mr. Speaker, I ask unanimous consent that the gentleman from New York may have 2 additional minutes.

The SPEAKER pro tempore. Under the rule, such a request is not in order, and the Chair recognizes the gentleman from Connecticut [Mr. SHANLEY], under the previous order of the House, to address the House for 10 minutes.

Mr. SHANLEY. Mr. Speaker, if the distinguished gentleman from New York wishes to yield to the gentleman, I will yield him a moment.

Mr. CULKIN. I thank the gentleman very much and yield to the gentleman from Colorado.

Mr. MARTIN of Colorado. I wish to repeat that what the gentleman has said about the Food Trust and the Dairy Trust could be said of the business activities in every field of agriculture, industry, and commerce in the United States, and it seems to me the gentleman is not speaking the language of his party in condemning them, because that party has fostered every type of monopoly in this country for the last 60 years and now seems to be looking forward to the day when it will turn the Government of this country over to them again.

Mr. CULKIN. The gentleman is getting the matter into the realm of politics, and that is dragging a red herring across the trail. This matter is too serious for that sort of smoke screen. I will say to the gentleman that his own party is already in the same boat that he alleges we were in. Your party had better watch its step. The treatment of this report indicates that you have taken the economic royalists to your own bosom.

Mr. COLDEN. Mr. Speaker, will the gentleman from Connecticut yield further to the gentleman from New York, so that I may ask a brief, friendly question?

Mr. SHANLEY. I yield, Mr. Speaker.

Mr. CULKIN. I do not want any more of these self-serving declarations like the one made by the gentleman from Colorado.

Mr. COLDEN. May I ask if there is not a further approach to this question which would be through the organ-

ization of cooperatives by the milk producers, to sell direct to the consumer in the city, thereby reducing the price of milk to the consumer and increasing the price of milk to the producer?

Mr. CULKIN. That is a suggested and also a practical solution, but for the present I advocate a direct frontal attack through the medium of the laws of the land that the Republican Party used to enforce. The question is, Is criminal monopoly more powerful in the field of dairy products than the administration and Congress? [Applause.]

I thank the gentleman from Connecticut for his courtesy.

Mr. SHANLEY. Mr. Speaker, the last time I took the floor of this House, the distinguished student of monopoly from New York, Mr. CULKIN, paid a merited and well-deserved tribute to the Attorney General. He paid a like tribute today, and indicated that whatever lapses there might be in the attempts to curb monopoly those breaks are probably attributable to the absence of necessary appropriations in the Department of Justice. As a Member of Congress from Connecticut, the proud home of the distinguished Attorney General, Homer S. Cummings, I trust that is the case, and that this Congress may give the Attorney General appropriations and uphold his arm in this great fight.

Must we admit that our virtual battle against monopoly of the past 50 years is without results? What of the Sherman Antitrust Act? the Clayton Act? the Federal Trade Commission Act? the N. R. A.? and even the Robinson-Patman Act? Like Pilate who asked, "What is truth?" and hurried on without an answer, I, too, must leave this subject for want of time and embark upon the discourse which prompted my request for time under these special circumstances in the field of foreign affairs. May I, therefore, trespass upon your good nature at this late hour and speak upon the general subject of embargoes and the prerogatives of the Chief Executive in the realm of foreign affairs?

Our authority over embargoes is derived from our power over interstate commerce (witness art. 1, par. 8, sec. 3)—

The Congress shall have the power to regulate commerce with foreign nations and among the several States and with the Indian tribes.

As long as we adhere to those powers we are invincible, but once we allow the Chief Executive to apply those powers, subject to his findings, investigation, or inquiry, we lose our constitutional prerogatives and surrender to him vast privileges and rights.

For this loss of power the Greeks had a story of many words which may be briefly summarized in this fashion. One of their great legendary giants was named Antaeus, whose father and mother were gods. Antaeus was a wrestler of renown, and so long as he remained in contact with his mother earth he was invincible. Even Hercules, he of the prodigious labors, was unable to throw him until he hit upon the idea of lifting him from the earth. That he did and when he had him in the air strangled him to death. Now I do not mean to say that when we allowed our powers to be predicated upon the finding of the President we allowed ourselves to be strangled, though in one sense we did. But we did allow another's judgment to insert itself between our intent and the action that we might have wanted had we foreseen the picture of the Sino-Japanese war.

However, we must, as Congressmen, operate under that commerce clause. It is a powerful commerce-killing weapon, and so powerful is it and its potency was so well understood by Jefferson and Madison, that they never sought to use that power until they had first obtained authority from Congress. As a matter of fact when the Tenth Congress came together in October 1807 there confronted it the effects of the death struggle between England and imperial Napoleon with both belligerents holding American maritime rights in contempt. Jefferson, won over to Madison's peaceful coercion and always caring more for peace than commerce, requested Congress for embargo powers on all American shipping for foreign ports. What he got and how he erred under the pressure of that titanic struggle is all understood history

but the precedent of going to Congress was established. Later still, when Madison found himself and the country insulted beyond national endurance, our fourth President also asked for an embargo on British shipping for 90 days.

Now let us look at the pattern of the President's power. The Chief Executive derives his powers from the treaty-making clauses of the Constitution and the historical traditional background of foreign affairs. In the recent Supreme Court case of the United States of America against Curtiss-Wright the embargo-power statute of May 28, 1934, was brought to the front. Under that statute—

if the President finds that the prohibition of sale of arms, etc., may contribute to the reestablishment of peace between these countries and if after consultation with the governments of other American republics and with their cooperation he makes proclamation to that effect it shall be unlawful to sell, etc.

Here is what the Supreme Court said in reviewing his use of this power to indict the Curtiss-Wright Co. in selling 15 machine guns to Bolivia, a country then at war in the Chaco. May I request that in reading the important extracts from this case, which seemingly and certainly on first thought grants almost unbelievable, irresponsible powers in the President, that you remember that our Neutrality Act of 1937 is generically parallel and substantially on all fours with the wording of the above extract from the Neutrality Embargo Act of 1934. Our latter-day act reads:

Whenever the President shall find that there exists a state of war between, or among, two or more foreign states, the President shall proclaim such fact and it shall thereafter be unlawful to export arms, ammunition, and implements of war.

Thus it is seen that we inferentially ask the President to "find that there exists a state of war" before he proclaims our neutrality status. Here is the Court's decision in the Curtiss-Wright case in pertinent extracts.

When the President is to be authorized by legislation to act in respect of a matter intended to affect a situation in foreign territory, the legislator properly bears in mind the important consideration that the form of the President's action—or, indeed, whether he shall act at all—may well depend, among other things, upon the nature of the confidential information which he has or may thereafter receive, or upon the effect which his action may have upon our foreign relations.

In this vast external realm, with important, complicated, delicate, and manifold problems, the President alone has the power to speak or listen as a representative of the Nation. He makes treaties with the advice and consent of the Senate; but he alone negotiates.

Into the field of negotiation the Senate cannot intrude; and Congress itself is powerless to invade it. As Marshall said in his great argument of March 7, 1800, in the House of Representatives, "the President is the sole organ of the Nation in its external relations, and its sole representative with foreign nations."

The President is the constitutional representative of the United States with regard to foreign nations. He manages our concerns with foreign nations and must necessarily be most competent to determine when, how, and upon what subjects negotiation may be urged with the greatest prospect of success. For his conduct he is responsible.

It is important to bear in mind that we are here dealing not alone with an authority vested in the President by an exertion of legislative power, but with such an authority plus the very delicate, plenary, and exclusive power of the President as the sole organ of the Federal Government in the field of international relations—a power which does not require as a basis for its exercise an act of Congress, but which, of course, like every other governmental power, must be exercised in subordination to the applicable provisions of the Constitution.

It is quite apparent that if, in the maintenance of our international relations, embarrassment—perhaps serious embarrassment—is to be avoided and success for our aims achieved, congressional legislation which is to be made effective through negotiation and inquiry within the international field must often accord to the President a degree of discretion and freedom from statutory restriction which would not be admissible were domestic affairs alone involved.

Moreover, he, not Congress, has the better opportunity of knowing the conditions which prevail in foreign countries, and especially is this true in time of war. He has his confidential sources of information. He has his agents in the form of diplomatic, consular, and other officials.

In addition to this recent case Chief Justice Marshall states in the famous *Marbury* against Madison case:

By the Constitution of the United States the President is invested with certain important political powers, in the exercise of which he is to use his own discretion and is accountable only

to the country in his political character and to his own conscience. The subjects are political. They respect the Nation, not the individual rights; and being entrusted to the Executive, the decision of the Executive is conclusive. The application of this remark will be perceived by resorting to the act of Congress for establishing the Department of Foreign Affairs. This officer, as his duties were prescribed by that act, is to conform precisely to the will of the President. The acts of such an officer can never be examined by the courts. Questions in their nature political or which are by the Constitution and laws submitted to the Executive, can never be made in this court.

It is thus apparent that the Supreme Court invests in the President plenipotentiary powers in the realms of foreign affairs and in so many words indicates that the Congress itself suspends its authority when it asks the Chief Executive to embargo arms, and so forth, upon his finding. That placement of the need of a finding in the President practically places the Chief Executive within the all-embracing prerogatives of his powers in foreign affairs. May we not say that though the Congress would have the President act upon the appearance of certain facts the President need not act if that would jeopardize his policy in the field of foreign affairs?

May we not, therefore, also say that when we asked the President to find that "there exists a state of war," we permitted him to act within his own powers and to shield his decision beyond the reach of our impeachment or practical constitutional criticism? Certainly those highly significant words, that in acting his decision "may well depend among other things," are determinative of the instant case. Does anyone now think that we can impeach him? Let us be realistic and frankly admit that in the denouement of this act and the complexity of the present situation in China, we are disappointed in one sense, yet enlightened in another.

You nor I, nor even the most competent authority in the State Department, could have foreseen the developments of the present status. Of course, we have seen hostilities break out without any declaration of war. The cogent résumé of the Naval War College reports from 1933 at page 92 has this to say:

Declaration of war. From early Biblical times there was usually a considerable degree of formality in instituting war measures. Formal announcements and replies were common. The Greeks and Romans made declarations and at times prescribed a period between declaration and active hostilities during which satisfaction might be made. The sending of heralds, the issuing of ultimatums, periods of grace, challenges, and so forth, in varying forms, continued to be used till the late seventeenth century.

With extension of overseas territories and the development of maritime activity, practice became less strict and embargoes, letters of marque, and reprisals indicated changed attitudes. During the eighteenth and nineteenth centuries the greater number of wars were carried on and concluded without declaration. Many complications and uncertainties arose in consequence of this change and the statement of the court in the case of the *Buena Ventura* set forth the situation as of 1899.

The practice of a formal proclamation before recognizing an existing war and capturing enemy's property has fallen into disuse in modern times, and actual hostilities may determine the date of the commencement of war, though no proclamation may have been issued, no declaration made, and no action of the legislative branch of the government had (87 Fed. 927; 175 U. S. 384).

The uncertainty of the time at which war commenced gave rise to many difficulties as the relations of belligerents and of neutrals changed. Intricate legal problems arose as to rights of capture, transfer of titles, and other relations common in modern relations among states and among their citizens.

Before 1907 some writers had maintained that there was some sort of political morality which should be observed by states obliging them to make it publicly known before engaging in war. There was, however, before 1907 no legal obligation to make a declaration before engaging in hostilities, and the legality of war without declaration was admitted in practice and by the courts. Evidence of the confusion which such a position may entail may be seen in the early stages of the Russo-Japanese War, 1904, as well as the

Spanish-American War, 1898. With these facts in mind, the delegates at The Hague in 1907 hoped to and did take a step toward peace by defining the conditions essential to the legal opening of hostilities.

The experience of states of the world since 1907 would seem to be sufficient to prove the legal value of a convention which would fix the time of and prerequisites for the opening of hostilities. The demarcation of the line between peace and war, uncertainty as to the rights of the parties using force, as well as of third parties, prevails. Other conventions of The Hague in 1907 give ample evidence of the distinction between the idea of the resort to the use of force and the resort to war.

The parties signing and ratifying the Hague Convention acted with clear understanding upon this matter, and much of the recent confusion is due to writing and discussion that fails to make the legally established distinction which has prevailed since 1907. Some of these writers have based their conclusion upon eighteenth and nineteenth century practice and decisions from some of the unfortunate consequences of which the efforts of 1907 aimed to escape. Others have argued in a fashion implying that the Covenant of the League of Nations superseded all existing treaties and established a new vocabulary for international law and new principles for interpretation of treaties. Such methods discredit their conclusions and weaken confidence in the Covenant of the League. The Hague Convention of 1907, not drawn up at a time of exceptional international stress, aimed to take steps toward the maintenance of peace in the world on the basis of respect for law, and no state or states were under compulsion to affix their signatures or to accept the conventions. The method of procedure in relation to the opening of hostilities may in brief summary show this.

Let us look into our own history and reread the French spoliation cases. In the current issue of the American Journal of International Law, at page 645, October 1937, we have a most illuminating article not only on the instant problem but, more important, the resultant issues that must be settled in the case of an adoption of belligerent rights and neutrality. Mr. Speaker, I ask unanimous consent to insert this extract from the American Journal of International Law.

The SPEAKER. Without objection, it is so ordered.
The extract is as follows:

In the often-mentioned French spoliation cases, which arose out of seizures of American vessels by French ships and reciprocal action by American ships against French vessels in that period of maritime hostility between France and the United States from 1796 to 1799, the American courts were confronted with an anomalous situation which the Supreme Court of Claims 86 years later decided was not "public war." This sort of quasi-hostility, which the English jurist, Sir William Scott, alluded to in 1798 as a "state of hostility" (if so it may be called) became more complex with the passage of a congressional act that laid down prize regulations and authorized American vessels to resist search, although no declaration of war had been issued by either France or the United States. The Supreme Court faced the problem of deciding the legal status of the conditions in *Bas against Tinch*. In the most elaborate of the seriatim opinions delivered by the members of the Court, Justice Washington said:

"It may * * * be safely laid down that every contention by force between two nations, in external matters, under the authority of their respective government, is not only war, but public war * * *. But hostilities may subsist, between two nations, more confined in its nature and extent; * * * and this is more properly termed imperfect war; because those who are authorized to commit hostilities act under special authority * * *. Still, however, it is public war, because it is an external contention by force between some of the members of the two nations, authorized by the legitimate powers.

"It is said that a war of the imperfect kind is more properly called acts of hostility, or reprisals, and that Congress did not mean to consider the hostility between France and the United States as constituting a state of war * * *. The degree of hostility meant to be carried on was sufficiently described without declaring that we were at war * * *. What then is the legislative will? In fact and in law we are at war.

"That tribunal rendered a series of judgments interpreting the spoliation period in quite a different manner than had the Supreme Court in 1800. In *Gray, administrator, v. United States*, the Attorney General sought to prove that there had been war with France and hence there were no valid claims against the United States Government. He cited the facts that battles were

fought and won on the high seas—property captured, diplomatic relations broken, prisoners taken and held for exchange or retaliation, according to the laws of war. The Court, however, found that although these facts constitute very strong evidence of the existence of war, still they are not conclusive, and the facts * * * may not be inconsistent with a state of reprisals straining the relations of the state to their utmost tension, daily threatening hostilities of a more serious nature, but still short of that war which abrogates treaties, and after the conclusion of which the parties must, as between themselves, begin international life anew.

"We are * * * of the opinion that no such war existed as operated to abrogate treaties, to suspend private rights, or to authorize indiscriminate seizures * * * that is, in short, it was no public war but a limited war in its nature similar to a prolonged series of reprisals.

"These decisions of the Court of Claims can hardly be reconciled with the decision of the Supreme Court in *Bas v. Tinch*, for the latter asserted definitely that the condition was 'public war' while the former asserted quite the opposite. Indeed, the Supreme Court's decision that the condition was a limited public war, which, from the words of all three Justices, was intended to mean an international war in fact and law being waged in a partial manner, was interpreted to mean a quasi-war or a condition like reprisals but not quite amounting to an international war. The Court of Claims seems to have erred in putting this construction on the previous decision, but since the act of Congress which gave the Court of Claims jurisdiction over the spoliation cases provided for no appeal to the Supreme Court, the latter never had occasion to rule on the question. With regard to the Court of Claims' emphasis on the fact that the spoliation hostilities did not operate to abrogate existing treaties between the two countries, it must be pointed out that the United States claimed during the period that it was 'of right' freed from the obligations under them. In addition, the compact of 1800 recognized these treaties as having been in whole or in part abrogated, a situation similar if not identical with what normally takes place after a state of war between two nations.

"Both the cases in the Court of Claims and *Bas v. Tinch* purport to have as the basis of their decision the intent of the war-making power of government in the crisis—i. e., Congress. It seems logical to assume that the Supreme Court in 1800 was better able to judge the legislative intent of Congress, as well as the general conditions and sentiments of time, than was the Court of Claims almost 90 years after the events. Indeed, the Court of Claims relied to a considerable extent upon statements made in Congress in the years 1825-35, when a congressional committee was investigating the matter due to the introduction of bills designed to compensate individuals for losses in the spoliation period. The opinion of the Attorney General at the time of the hostilities that the situation was a 'maritime war authorized by both nations,' the Court of Claims ignored. It likewise passed over statements by Members of the House of Representatives like that of Edward Livingston, who, when the act of 1779 was passed, exhorted: 'Let no man flatter himself that the vote which has been given is not a declaration of war. Gentlemen know that this is the case.' Instead of looking into the speeches of Members of the House in 1799 as indicating the intent of that body in passing the legislation authorizing the hostilities against France, the Court of Claims finds that:

"Those were times of great excitement; between the danger of international conflict and the heat of partisan contest statesmen could not look at the situation with the calmness possessed by their successors and these successors with some exceptions to be sure regarded the relations between the countries as not amounting to war.

"In this decision the Court of Claims introduces the "challenge doctrine," which suggests that when one State attacks another State without declaring its intention to make war, the attacked State is the recipient of a challenge. If it undertakes to resist by force of arms or if it declares war, the condition then becomes a state of war. On the other hand, if it fails to declare war or resist, the situation would not be a state of war, but rather the use of force short of war."

"To sum up the spoliation cases, it seems fair to conclude that law and logic favor the position taken by the Supreme Court in *Bas v. Tinch*, rather than that of the Court of Claims in the later cases. There were hostilities authorized by both France and the United States and the intention of the two Governments at the time seems to have been war. The subsequent change in government in France when the Directory was superseded altered the policy of that state, but could Napoleon's contention that he did not intend war change the fact that the previous French Government apparently had so intended? Once again, however, we should point out that, although the Supreme Court called the situation public war and the Court of Claims found it not public war, the decisions of neither court allow any intermediate legal status between war and peace."

I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. Would the gentleman advise that we should repeal the Neutrality Act?

Mr. SHANLEY. I do not think so at this moment. I think as far as I am concerned, if I may say that rather

modestly, that all the fears and all the points of friction that must be said to have been the effective causes of our Neutrality Acts of recent years are happily absent in this struggle in the Far East. There have been no great sales of arms, ammunition, or implements of war; no extension of credit, because all sales have been cash transactions. There has been no solicitation in America, all because there has been no open war. I do not have time to go into the various analyses, but I would vouchsafe this thought, that I am not anxious to make any changes that will not be tested on the ramparts of more tried convictions than in the past. I do not think we ought to be hysterical and run from the particular to the general without thought. I have been willing to give this act a 2-year trial.

Mr. CASE of South Dakota. Will the gentleman yield for another question?

The SPEAKER pro tempore. The time of the gentleman from Connecticut [Mr. SHANLEY] has expired.

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent that the gentleman's time may be extended for 3 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. CASE of South Dakota. Will the gentleman yield further?

Mr. SHANLEY. I yield gladly.

Mr. CASE of South Dakota. The gentleman heard the chairman of the Committee on Foreign Relations say the other day that he thought it would aid Japan and the Fascist countries of Europe more by putting the law into effect than by not putting it into effect. On that basis, I am wondering if the State Department is using the Neutrality Act as an instrument of choosing sides, rather than as a means of keeping us from taking sides in a conflict.

Mr. SHANLEY. The answer to that is the statement of the Secretary of State, Mr. Cordell Hull, on July 16, 1937, when he declared there was no such intent; that he believed in neutrality and hoped for its revitalization, and emphasized our opposition to "entering into alliances or entangling commitments." It is unlikely that he has suffered such a change of opinion since his forthright testimony before the Senate Committee on Foreign Relations in 1936, when they were considering S. 3474. There he said:

We have striven to deal as fundamentally as possible with these conditions, and to serve notice on the world that we are preserving our neutral rights as they existed before the war, and planning to ask the nations, as I said before some of the Senators came in, to convene as soon as they will and reaffirm and revitalize the whole structure of international law as it relates to these neutral rights.

Every war presents different circumstances and conditions which might have to be dealt with differently, both as to time and manner. For these reasons, difficulties inherent in any effort to lay down by legislative enactment inflexible rules or regulations to be applied to every situation that may arise will at once be apparent. The Executive should not be unduly or unreasonably handicapped. There are a number of ways in which discretion could wisely be given the President which are not and could not be seriously controversial. These might well include discretion as to the time of imposing an embargo. Moreover, we should not concentrate entirely on means for remaining neutral and lose sight of other constructive methods of avoiding involvement in wars between other countries. Our foreign policy would indeed be a weak one if it began or ended with the announcement of a neutral position on the outbreak of a foreign war. I conceive it to be our duty and in the interest of our country and of humanity, not only to remain aloof from disputes and conflicts with which we have no direct concern, but also to use our influence in any appropriate way to bring about the peaceful settlement of international differences. Our own interest and our duty as a great power forbid that we shall sit idly by and watch the development of hostilities with a feeling of self-sufficiency and complacency when by the use of our influence, short of becoming involved in the dispute itself, we might prevent or lessen the scourge of war. In short, our policy as a member of the community of nations should be twofold—first, to avoid being brought into a war, and, second, to promote as far as possible the interests of international peace and good will. A virile policy tempered with prudent caution is necessary if we are to retain the respect of other nations, and at the same time hold our position of influence for peace and international stability in the family of nations.

While our primary aim should be to avoid involvement in other people's difficulties and hence to lessen our chances of being drawn into a war, we should, on appropriate occasions and within reasonable bounds, use our influence toward the prevention of war and the miseries that attend and follow in its wake. For, after all, if peace obtains, problems regarding neutrality will not arise.

Mr. SHANLEY. Have I answered the question, Mr. CASE? Mr. CASE of South Dakota. I would pursue it further, but the gentleman's time is limited.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. SHANLEY. I yield.

Mrs. ROGERS of Massachusetts. I do not know whether the gentleman heard Professor Buell on Town Hall the other evening, but he stated that in his opinion the so-called Neutrality Act was pro-Japanese and pro-British.

Mr. SHANLEY. I have read his statement in Foreign Affairs though I did not read his Town Hall speech. In effect that article points out the possibilities which might make us an ally of Japan and Britain but then the Chief Executive always has that dangerous power outside of this act. Of course, that statement you mention is later than the article appearing in Foreign Affairs.

Mrs. ROGERS of Massachusetts. I think you will find he said it very clearly. I know the gentleman was anxious to have a limited time for this so-called Neutrality Act.

Mr. SHANLEY. I accept the Neutrality Act as a compromise because we obtained the 2-year limitation. I repeat that I do not think that any group, students, or non-students, legislators or nonlegislators, or the President himself, is able to foresee this picture far enough in advance to provide anything other than a simple standard of neutrality such as we have at the present time.

Mrs. ROGERS of Massachusetts. It is very difficult to legislate neutrality.

Mr. SHANLEY. That is very true.

Mr. COFFEE of Washington. Mr. Speaker will the gentleman yield?

Mr. SHANLEY. I yield.

Mr. COFFEE of Washington. The gentleman from Connecticut did not read the report of Professor Buell's statement wherein he criticized the President's Chicago speech, but went on and indicted the Neutrality Act on the ground that it failed to distinguish between the aggressor and defending nations. That is perhaps what the gentleman from Massachusetts [Mrs. ROGERS] was referring to.

Mr. SHANLEY. That is Professor Buell's attitude, I believe. He has always had that attitude, it would seem. I will check that speech and I thank my colleagues for calling it to my attention.

Again, Mr. Speaker, I wish to repeat that the scene changes rapidly. Why, just realize when the World War was in progress we had all the handmaids of war and neutrality. Contraband lists were declared, protests were made, blockades were set out, war zones mapped out, the right of search and seizure practiced, mines laid, convoys used, and diplomatic relations severed while neutrals hastened to play their historic part in scrupulously attempting to adhere to the then admitted laws or customs incumbent on their sale of arms and munitions by their governments though individual citizens might do so; made regulations of use of wireless stations; and in a hundred and one ways attempted to sail through the rocky headlands of a belligerent's Scylla and the tortuous whirlpools of a neutral's Charybdis.

On the experience of those days with the innumerable problems and weighty questions Sterling Edmunds wrote his *Lawless Law of Nations*; F. Hartley Grattan brought out *Why We Fought*; Walter Millis, *Road to War*; Edwin Borchard, *Neutrality for the United States*; Charles Seymour, *American Neutrality*; and a score of other treatises with the disclosures of secret pacts and the disillusionment of Americans by the rank selfishness at Versailles a hysteria was engendered which in many respects brought out a most jaundiced picture and resulted in overreaching correctives. Just look at the types of bills introduced in this House in the

last 5 years and you can see the nervous efforts to do something regardless of the future. Neutrality neurosis gave us congressional jitters. It was remarkable that an arresting norm existed between those who would change ignorantly and those who ignorantly opposed change. The ultimate goal of all in the neutrality penneplain is not an easy one, for time alone possesses the erosive agents to remove the epidermis of prejudice, blindness, and chaotic thought in the subject today.

In short, even in our neutrality hearings, most people emphasized the World War, pictured another such world war and attempted to legislate for that event. For various reasons they had their fears and apprehensions; one man saw only the banking interests as the greedy forerunners of our entry into that catastrophe; another blamed the munition makers; a third pointed out the propaganda of the Allies; a fourth said the violation of Belgium, German atrocities, and the culminating cruelty in the sinking of the *Lusitania* were the influential factors, forgetting that in all these events more than enough time had elapsed to have softened the instant pitch of excitement and awful anger. Others gave vastly different reasons, but all would agree that it was wrong to sell so much on credit to the Allies, amounting in round numbers virtually to ten billions; wrong to ship lethal instruments of war that in sum total sales amounted to over two and one-half billions of dollars; dangerous for our citizens to travel on belligerent vessels; hazardous for us to permit armed belligerent merchantmen to enter our harbors, and equally fatal for the stirring up of racial sympathy and aid by permitting contributions and kindred outlets for support here in America. That was the picture with all its horrendous results. On those chimeras we legislated and on those fears we built.

Is it any wonder we are disconcerted when not a single factor of proportion in this war picture is seemingly existent in the Sino-Japanese hostilities? As we said before, our shipments of arms, ammunition, and implements of war, even munitions in the larger sense, are almost negligible to both sides. There are no credit transactions of old, for cash is placed on the barrel head. We are not worried by armed merchantmen of either nation, nor contributions, nor the presence of our citizens on either Chinese or Nipponese ships. Our points of friction have been few and far between, relatively speaking, so few indeed, that under the old international law we might well have taken care of the situation, though, in my humble opinion, our threat of embargoes even today has had a greater softening power than we realize.

Do not let us deceive ourselves that we can legislate a sure-fire armor against war and rumors of war. Rather must we believe with Marcus Aurelius that we must be content with the slightest gain. It is not to be hoped that as each new situation unfolds itself we will have a strait-jacket formula to solve it. Why this very legislation of ours, enacted with study and reflection even today, presents anomalies which none foresaw. We stop American industries here from shipping to foreign belligerents as soon as the proclamation of neutrality is declared by the President, but nothing prevents the establishment of American branches in other countries, even across our northern and southern borders. In like manner those outlets could handle loans and contributions and in this indirect fashion tear the props from our legislative prophylaxis.

There are incongruities in our Neutrality Act of 1937, which was signed May 1, 1937, and the Convention of Buenos Aires on Consultation of 1936, which, oddly and probably alarmingly enough, was not signed until June 29, 1937. From the Constitution of Magruder and Clarke I have extracted a paragraph called Federal Statutes and Treaties Are of Equal Rank. When a Federal statute and treaty relate to the same subject, the courts will always endeavor to construe them so as to give effect to both, if that can be done without violating the language of either; but if the two are inconsistent, the last one in date will control the other (*Whitney v. Robertson*, 124 U. S. 194). It is submitted that

if two treaties are in conflict the same interpretation is reasonable.

Professor Buell, Raymond Leslie Buell, in Foreign Policy Reports of October 1, 1937, brings up another inconsistency: "The United States is party to a number of multilateral agreements which may be affected by the Neutrality Act. The most obvious case of conflict arises between the Convention of Rights and Duties of States in the Event of Civil Strife, adopted at Habana on February 20, 1928—a treaty ratified by the United States on May 21, 1930. Under this treaty American governments in the event of civil strife are obliged 'to forbid the traffic in arms and war material except when intended for the government, while the belligerency of the rebels has not been recognized * * *'. But under the Neutrality Act, the arms embargo, if applied in the event of civil strife, must apply equally to government and rebels. Under the Habana convention the United States has an obligation to impose an arms embargo upon the rebels alone, but under the Neutrality Act the President apparently cannot impose an arms embargo unless it applies equally to both the rebels and the government concerned."

Such difficulties are part and parcel of every attempt to make a treaty or impose an embargo. Our vast archives of treaties must be thoroughly studied for inconsistencies in theory but from a salutary point of view the practical evils are not so great. Fortunately the President, in this case, has the intervening or causal privilege and in that way he can protect us against unforeseen afterthoughts of damaging consequences. Of course, under the constitutional authority cited, the most recent act is governing authority but none wishes to utilize such an outlet. I tried to point out in the hearings last year the dangers of our commercial and reciprocal treaties and vice versa.

Let no one imagine that there is not an onerous load deposited in the hand of the President when we ask him to find that there exists "a status of war," especially when it may well be said that the very nations involved may have done everything to remove from their conflict the very concomitants which would invite his determination. Certainly, in the Chinese war at this time both belligerents have avoided those prior attributes of a status of war, and they apparently have done it for a purpose. For the President of the United States, out of all the nations in the world, to declare that a status of war is, indeed, a matter of grave and supreme, perhaps horrendous, importance to the rest of the world as well as to us. Let alone the feeling of offense that either or both might feel, there is the added impossibility that reasonable world inferences might stigmatize Japan as the aggressor, for this might jeopardize our nationals in China, forfend chances for peace, and unduly harm our commercial interests. There is much to be said pro and con on these contingencies at a later date, but it is significant that if either Japan or China does declare war or sever their diplomatic relations our Neutrality Act will come out of its chrysalis.

The SPEAKER pro tempore. Under the special order of the House the gentleman from Pennsylvania [Mr. BRADLEY] is recognized for 20 minutes.

WAGE AND HOUR LEGISLATION

Mr. BRADLEY. Mr. Speaker, as I intend to talk upon the wage and hour bill, I would ask unanimous consent to include in my remarks, in order to save time, communications from affiliates in the State of Pennsylvania, of the American Federation of Labor, of the C. I. O., and of Labor's Non-Partisan League, in which they endorse, this week, the wage and hour bill, and solicit the support of Members of Congress. I ask unanimous consent to include those communications in my remarks.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. BRADLEY. Mr. Speaker, there is upon the Speaker's desk a petition to secure a vote on the wage and hour bill in this House.

I am a new Member of this body, but I have been told that the Rules Committee is the servant of the House of

Representatives; that it is the duty of the Rules Committee to facilitate legislation and to give Members of this House an opportunity to express their will upon legislation which has been introduced into this body. There are those who tell us that if the Rules Committee refuses to report a rule, we have our redress. All we have to do is to secure 218 signatures to a petition of discharge, and then we will be able to vote upon the legislation. I submit that if that procedure were adopted with regard to every piece of legislation that comes before this body, very little would be accomplished by the Congress of the United States.

Mr. O'CONNELL of Montana. Mr. Speaker, will the gentleman yield?

Mr. BRADLEY. Before I yield to my distinguished friend, I would like to say that I cannot yield further because my time is so limited. I yield to the gentleman from Montana for a question.

Mr. O'CONNELL of Montana. Mr. Speaker, the gentleman from Pennsylvania heard the speech of the gentleman from Texas [Mr. DIES] in which he discussed the position of the Democrats on that committee who were opposed to reporting out the wage and hour bill. What is the gentleman's opinion of that speech?

Mr. BRADLEY. Yes; I heard the speech of my genial friend from Texas. Despite the fact that I do not agree with his present political philosophy, I have, in the short time I have been a Member of this body, learned to like him and have a genuine high regard for him. In his usual manner Martin made a good speech, with great eloquence, and versatility. It reminded me of the first speech I ever heard Martin make. The first speech I ever heard him make was in Philadelphia. The Democratic National Committee sent my friend from Texas up there during the last campaign, and I had the honor of speaking from the same platform that night. He delivered a speech that would kindle the flame of liberalism in the heart of even the most rampant Tory. [Laughter.] He took them from the first pages of history down to the present time. He told them how under the Caesars the unscrupulous barons of wealth had exploited the people. He told them how the Gracchi brothers in Rome had striven to ameliorate the lot of the masses in those days. He told them how the Bourbons of France had tried to stifle liberty and had imposed their will upon the masses; and he pointed out to them very effectively that all through history gentlemen of this character had not only worked hardships upon the people but had eventually encompassed the ruination of their own nations. He brought them right down to the present day, to the Du Ponts, the Morgans, the Rockefellers, the Raskobs, and all of their satellites; and he told them how they were attempting to do in the United States what the Caesars and the Bourbons and all the tyrants of history had done in Europe.

He made a very wonderful speech and I sat back there very well satisfied [laughter], and I said to myself, "This fellow is all right. By God! He is further left than Roosevelt." [Applause and laughter.] And did the crowd go wild! They just raved. He had three encores. [Laughter.] He told them how the Du Ponts and the Morgans in this land of ours, in this Republic of peace on earth, good will to men, this modern Canaan of ours, a land overflowing with milk and honey—the Du Ponts and the Morgans were taking the cream out of the milk and the sugar out of the honey. [Laughter and applause.] I applauded louder than anybody else in the crowd. [Laughter.]

After the meeting was over the district leaders of my party came to me and said, "BRADLEY, you will not have much to do down there with men like that." [Laughter.]

I said, "That is right; all I shall have to do is to go down there and vote 'aye', and I will not have anything to worry about." But I have been a little disillusioned. [Laughter.] Only one note of apprehension was struck that night. After the meeting was over an old gentleman came up and said, "BRADLEY, I have been a Democrat all my life; I have fought for the liberal principles of the Democratic Party and I am

proud of it," he said, "but you know we have to exercise a little bit of discretion; we have to be practical about these things. We are in a political campaign," he said, "and you know how the Republican orators and Republican newspapers have been trying to say that Roosevelt is a Communist. But you know they have not gotten away with it because the people know it is nothing but a lot of vicious propaganda; however, you better get hold of this Democratic campaign committee. If they send these orators around here" [laughter]—that is a fact; he said, "If they send these orators around here, they are going to have these people thinking that perhaps there is something in this Communist talk." [Applause and laughter.]

This old gentleman said further, "Everything that the Congressman from Texas said is absolutely right, and we are positively going to do everything that he said we shall have to do in order to correct the conditions in this country; but," he said, "My God! The man is like good old Bob La Follette; he is 15 years ahead of his time." [Laughter and applause.]

They believed everything he said that night. [Laughter.] I, too, was convinced that he meant what he said. [Applause.] And I still think that he meant what he said. I think the trouble with Martin is that he has become so irritated through rubbing shoulders with and getting very little results from these bureaucrats around Washington that he is so fed up with the bureaucratic system, that it has so irritated him that his vision is not as clear as it formerly was.

Mr. DIES. Mr. Speaker, will the gentleman yield?

Mr. BRADLEY. I yield.

Mr. DIES. Mr. Speaker, may I not say to the gentleman from Pennsylvania that I think the gentleman has a very fine constituency and that they have a splendid Congressman. I hope they will keep him here a long time. [Laughter.]

Mr. BRADLEY. I thank the gentleman. I sincerely hope that he will redeem himself, and I reciprocate the wish that his constituents may keep him here for a long time; they, too, have a fine Congressman. [Laughter and applause.]

I think he meant what he said, but he is fed up with these bureaucrats here in Washington; but I submit to you that we cannot tell these people who are suffering under these intolerable conditions in the sweatshops that because we do not like the bureaucrats in Washington we are going to condemn them, the workers, to starvation wages. That is no answer to give to men who are trying to feed their children; and they cannot feed them on \$11 a week; and we cannot alibi ourselves because we do not like the bureaucrats in Washington.

The wage earner and the toiler in the sweatshop are not responsible for the bureaucracies of Washington. Because some are seeking to eliminate what they consider the evils of bureaucracy we cannot be put in the position where we have to tell the people we cannot give them any relief at the present time.

Mr. Speaker, I have just read an article by one of America's foremost writers which appeared in a well-known magazine. He has made a survey of the conditions in certain sections of the United States. He states that in the communities where certain industrial corporations have fastened their talons upon those communities, able-bodied men and women have worked for years and have never received one penny in their pay envelopes. They are the victims of the low-wage scale and the company-store system. For years the only thing they received was an empty pay envelope, which called for \$11 but there were subtractions and reductions for everything they had to purchase in the company store.

These people cannot leave because they never save enough money to get away. If any Member of Congress thinks that because those industries come to his community they are conferring a boon upon that community, he is very much mistaken. The financiers who are incorporating and financing the sweatshops are the very ones who have exploited labor in other parts of the country for years and have well nigh ruined the communities in which they operated and you will experience the same thing in yours.

Mr. CRAWFORD. Will the gentleman yield?

Mr. BRADLEY. Not at this time. You will experience the same thing with them before they are through.

Mr. W. Gordon McKelvey, secretary of the Southern Garment Manufacturers' Association, sent an open letter to mill owners in various parts of the United States requesting them, "For God's sake take heed," and he pointed out it was impossible to expect the men and women of America to be content with \$7, \$8, \$9, \$10, or \$11 a week. He told them they were sowing, right in their own communities, the seeds of communism and he called upon them to adopt a different attitude toward their employees. That letter was from the secretary of the association and his office is in Nashville, Tenn.

A great many of you believe that we recently elected Democratic Members of the House are only interlopers. Some refer to us contemptuously as "New Deal Democrats." You make a grave mistake when you try to measure the extent of our democracy or the sincerity of our advocacy of the principles of Jefferson by the length of service we have in this House. It was a very easy matter to be a Democrat when you had a chance to be elected to office from sections of the country where the party machinery dominated the political situation. However, Mr. Speaker, we have come here from districts in which we have fought for democracy for years, with no hope of political reward because we believed the philosophy of Jefferson was needed to protect our American people. Never in my life, except once, have I or any of my family voted for other than the Democratic ticket. That was when La Follette ran for President. I voted for him, the only time in my life I ever voted for other than a Democratic candidate. I have no apologies for that, because he was a better Democrat, perhaps, than those of us who parade the banner of Democracy. He had a greater vision than any man of his day.

Mr. Speaker, we have for years and years fought and struggled to remain true to the principles of democracy in sections of the country where a Democrat could not even be elected to the office of local constable. However, we were heartened by the fact that we knew there were men in the Congress of the United States who were sincerely battling for the ideals and the principles of Thomas Jefferson. I appeal to you Democrats to serve notice upon those who wish to exploit the workers of this country, no matter in what section of the country it may be, that there is no place, there is no room, for a sweatshop that pays \$10 or \$11 a week and expects American citizens to long tolerate such conditions. Such conditions will breed communism. I ask you before it is too late, that all Democrats from all sections of the country join together to rekindle the fires of Democracy and let the people understand that when President Roosevelt and the Democratic candidates promised them certain liberal legislation, that we meant what we said and we will give it to them, in order to save the country and likewise save the democracy of Jefferson, which advocates principles which are for the greatest good of the greatest number in all sections of our Nation. [Applause.]

Mr. CRAWFORD. Will the gentleman yield?

Mr. BRADLEY. I yield to the gentleman from Michigan.

Mr. CRAWFORD. In the article referred to by the gentleman, did the writer indicate in any way whatsoever that in the automobile centers of this country the companies operate commissary stores or take wages away from the people in the manner indicated by the gentleman?

Mr. BRADLEY. He wrote principally of the textile industry.

Mr. GRISWOLD. Will the gentleman yield?

Mr. BRADLEY. I yield to the gentleman from Indiana.

Mr. GRISWOLD. The gentleman referred to a certain article which dealt with low wages and working conditions.

Mr. BRADLEY. Yes.

Mr. GRISWOLD. Is it the gentleman's opinion that the present House bill, as it stands, based on the wage scale, the value of services, and the cost of living in the various communities, as well as the local differentials, as provided

for in that bill, is a good one, and that the situation in regard to low wages would be changed in certain localities?

Mr. BRADLEY. I agree with the gentleman that the bill is not all it should be. I would like to see a bill without any differential in it at all that would be solely for the benefit of the manufacturer. Because certain sections of the country have been given a good climate by God, wherein the people are able to live cheaply as compared with other sections of the country, is no reason for the manufacturer to take advantage of the climate and the conditions which God gave to the people. That is something which should be an asset of the people—not of corporations.

Mr. PATRICK. Will the gentleman yield?

Mr. BRADLEY. I yield to the gentleman from Alabama.

Mr. PATRICK. The gentleman is opposed to any differential and he would like to see a bill without any differential. May I ask a question and give a little foundation therefor? We have rate schedules for what is known as official territory, for instance, that comes almost down to the Mason and Dixon line. I live in Alabama, which lies in the southern territory. Then there is southwestern territory, made up of Louisiana, Oklahoma, Arkansas, and Texas and perhaps another State. The territory west of that is classified as western territory. In those areas trade agreements, and so forth, have grown up so that they are recognized by the Interstate Commerce Commission in the various territorial classifications.

In shipping goods from the North to the South and from the South to the North over the identical lines, the goods being handled by the same train crews, for example, if you ship something from Philadelphia to Birmingham it goes at the official rate, but if you ship the same item from Birmingham to Philadelphia it goes anywhere from 4 percent to as high as 30 percent higher at the southern rate. If the wage and hour bill is passed without a differential, so in addition to the wages paid to produce a commodity the producer of such commodity must absorb the transportation differential, how is he going to meet competition on the open market when it comes to getting contracts for the sale of his goods?

Mr. BRADLEY. I think that is something which should be fought out with the I. C. C. It is a matter of railroad rates. We suffer under the same situation right at Philadelphia.

Mr. STARNES. Mr. Speaker, will the gentleman yield?

Mr. BRADLEY. I shall be glad to yield in just a moment.

I am not hopeful that we shall be able to get such a bill through the House without any differential. I admit those things take time. However, I do think this bill is a step in the right direction, that it is a good start, and we should at least start somewhere. If we have to make any adjustments later, we can make them with equal justice to all sections of the country, and I shall be glad to cooperate in that respect. [Applause.]

Mr. PATRICK. One other word along the same line: I have signed the petition to bring the bill out on the floor.

Mr. BRADLEY. I know the gentleman has signed the petition and think he is to be commended for his broad, liberal political philosophy, in which I knew he is sincere.

Mr. PATRICK. Does not the gentleman believe it would be wise and for the benefit of the entire Nation to have an amendment put in the bill providing that transportation differentials shall be eliminated, so there will be no transportation differentials in the entire country?

Mr. BRADLEY. I think the transportation differentials could be covered by an amendment. [Applause.]

Mr. Speaker, the letters to which I referred earlier in my remarks are as follows:

LABOR'S NON-PARTISAN LEAGUE OF PENNSYLVANIA,
Harrisburg, Pa., November 10, 1937.

HON. MICHAEL J. BRADLEY,
United States Congress, Washington, D. C.

DEAR SIR: As you leave for the special session, you are asked to carry with you our most earnest request that Congress do not adjourn until it has enacted an adequate wage and hour bill and other needed progressive legislation.

Business and industry of the Nation were decidedly stimulated by the constructive measures which were applied in the previous emergency. By these means the condition of the country, most deplorable due to the industrial collapse, improved rapidly. This is universally admitted.

Present business distress proves that the Government withdrew its assistance too soon. The market has not expanded enough for the mass of goods which are produced to be consumed through present purchasing power. Millions of unemployed have not returned to jobs because too many others work unduly long hours. Again there is an emergency. It is Nation-wide.

Hence the pressing need for the Federal wage and hour bill. A measure economically sound and equitable would stop industry from sinking deeper into slump, make competition fair, revive and raise business to the main road of prosperity.

We are sure you realize it is worth all that can be done to halt business recession before it reaches a crisis. Those of your colleagues who are cold or hostile will have to be won over, lest the danger now feared becomes a tragic reality. May your fullest support be counted on to have Congress pass an effective wage and hour bill and other needed progressive legislation?

Very truly yours,

P. T. FAGAN, *State Chairman.*

PENNSYLVANIA FEDERATION OF LABOR,
Harrisburg, Pa., November 13, 1937.

HON. MICHAEL J. BRADLEY,

United States Congress, Washington, D. C.

DEAR SIR: We respectfully request your vote and influence in favor of wage and hour legislation for interstate industries that will eliminate labor exploitation and provide additional employment opportunities in such industries.

Pennsylvania, our second largest industrial State, has already enacted good legislation covering hours of work, minimum wages, and child labor. A résumé of that legislation is enclosed.

The enactment of similar legislation on a Federal basis will establish a standard for interstate industries that would assist in vitiating competition claims between the States, and lead eventually to the enactment of relatively uniform legislation throughout the Nation.

We ardently believe that such reasonable governmental regulation of our social and economic affairs is not only essential from a humanitarian standpoint, but that it will also be our best guaranty of a continuing civilization under our American system of government.

Sincerely yours,

JOHN A. PHILLIPS, *President.*
LESTER THOMAS, *Secretary.*

Whereas thousands of workers are being laid off in all plants in this city; and

Whereas these lay-offs seem to be mainly an attempt on the part of big business and reactionary interests to exert pressure on the coming session of Congress to give up all social legislation favorable to labor; and

Whereas these interests are using both the press and the radio to give Congress and the President the impression that they are expressing the will of the American people: Therefore be it

Resolved, That the Philadelphia Committee for Industrial Organization go on record to endorse the need for more social legislation, particularly the passage of the wage-and-hour bill; and be it further

Resolved, That the Philadelphia Committee for Industrial Organization take the initiative in organizing a mass demonstration, either in the form of a parade or mass meeting, to show the stand of organized labor on the proposed legislation and the unwarranted lay-offs; and be it further

Resolved, That the Philadelphia Committee for Industrial Organization print and distribute 100,000 postal cards addressed to the Philadelphia Congressmen and Pennsylvania Senators, urging them to take immediate action to stop the political strike conducted by big business against the administration measures; and be it finally

Resolved, That copies of this resolution be sent to the Pennsylvania Congressmen and Senators, Speaker of the House, President Roosevelt, Vice President Garner, and to the press.

PHILADELPHIA COMMITTEE FOR INDUSTRIAL ORGANIZATION,
WM. M. LEADER, *President.*
FRED. J. MCCALL, *Secretary.*

The SPEAKER. Under previous order of the House, the gentleman from Pennsylvania [Mr. FADDIS] is recognized for 15 minutes.

THE BALLOT IS TOO SLOW FOR DEFENSE

Mr. FADDIS. Mr. Speaker, I wish to take a few minutes to address my remarks to the Ludlow resolution, which would require a national referendum before we could engage in a foreign war. This, Mr. Speaker, would take from the Congress the power to declare war—a power which was imposed upon this body by the founders of the Constitution. The power to declare war is a grave, and, indeed, an awful responsibility, one to be exercised only after the most serious, care-

ful, and prayerful consideration. In the exercise of this power may depend the very fate of our Nation.

Let me say, Mr. Speaker, that I sympathize with the desire of the distinguished gentleman from Indiana and with the desires of those who view the matter as he does to prevent this Nation from becoming engaged in any wars, either foreign or domestic. Their purpose is most commendable and, I am sure, is actuated by the very highest of motives. However, let me make this observation. A nation, rendered helpless by the very highest of motives, is just as helpless as though rendered so by the very basest of treachery.

The Members of Congress, Mr. Speaker, are the direct representatives of the people in foreign as well as in domestic affairs. That is the way a democratic form of government functions. I have the highest respect for this body. I believe it is composed of patriotic men of ability. They endeavor to represent the sentiment of their constituents. From their constituents they obtain their ideas regarding domestic affairs. In regard to foreign affairs, however, they are in a different position. In such matters they must be guided to a large extent by information which their constituents do not in general possess. In connection with the foreign affairs of the Nation, and especially in the conduct of war, it is impossible to disclose all of the facts and conditions involved. The idea in waging war is to win the war, and in time of war, or an emergency due to the imminence of war, it is impossible to make too much information public without giving the enemy information.

Another point is this: In time of emergency it is of paramount importance to have a united population. As our colleague [Mr. LEWIS of Maryland] so ably pointed out upon this floor yesterday, we must run no risk of two wars, one at home and one abroad. In such a case we would be doomed to defeat at the outset.

In the conduct of warfare it is of the utmost importance to seize and control the initiative. To be able to promptly carry the war into the country of the enemy is the very best of tactics. Never was a better example of this fact furnished than in the present difficulty between China and Japan. Had China been prepared to carry the war to the island empire of Japan, or even into the seas surrounding, the war would have ended in a few weeks. Had China been able to carry the war in the air to the vital centers of Japan, Tokyo, and other cities, it would have ended in a few days. Her impotence and her inability to do so have resulted in the war being brought to China. It is the civilian population of China upon which the horrors of war are falling. The peaceful Chinese, instead of the aggressor, Japanese, are paying the price of the impotency of their peacefully inclined nation. God grant that we may never be in a like situation. The death and destruction among the armed forces, during modern war, are nothing to be compared to that among the noncombatants. During the World War the inability of the French and Belgians to carry the war into Germany resulted in the destruction of large areas of those nations and the consequential suffering and death of their own nationals. History is so replete with similar lessons as to be unmistakably plain to even the rankest amateur student of warfare. The history of the world is but a series of invasions and supplanting of one people by another. I do not wish to see my people in this Nation supplanted.

Another fact of history is this: Few, if any, major conflicts have ever been won except upon the ground of the enemy. In our Revolutionary War we whipped the British on their own soil and made of it our Nation. In the War of 1812 we were defeated on land in our own Nation in almost every battle, but won the war by carrying it to the decks of the ships of the Mistress of the Seas. The Barbary pirates paid no heed to our protestations, but when we carried the war to their own shores quickly concluded a lasting peace and American commerce was safe upon the Mediterranean Sea. The Mexican War, the defeat of the gallant Confederacy, our victory in the Spanish-American War, and the defeat of the Central Powers in 1918 are further examples. In case of war we must strike and strike quickly on foreign shores or waters, or destruction and defeat

will be brought to our very hearthstones. Which do you prefer?

To bring a war to a successful conclusion the hostile will to wage combat must be broken. This cannot be done in a negative manner. Again permit me to draw upon the present situation in Asia for an example. Suppose the Chinese succeed in holding out until the Japanese are worn out economically. Have they achieved a victory? Indeed they have not. They have only succeeded in securing a temporary stalemate. The Japanese will retire to brood over their repulse and plan a new aggression on a grander scale. What did the first repulse of the Italians from Ethiopia accomplish except to delay the inevitable result. Did the untimely peace brought on by Theodore Roosevelt in the Russian-Japanese War stop the dream of that island empire for imperialism? The innocent Chinese civilians around Shanghai are today paying for our well-intended meddling. History furnishes us no other kind of examples. Wars, like political fights, must be fought to win or lose. Draws or compromises do not count.

Action must be prompt, effective, and positive. Modern mechanization, transportation, and equipment have brought nations more closely together, have neutralized natural defensive barriers, and have made the need for prompt action more imperative. The factor of time is more vital than ever. The hair-trigger mind has also developed in proportion. Today wars are fought and not declared. The former code duello among nations, in which communications were exchanged and diplomatic representatives were recalled before a formal declaration of war, has been replaced by the methods of the metropolitan gangster. The first notice of hostilities is a blast of machine-gun fire, a rain of bombs from the skies, and deadly clouds of gas falling most devastatingly upon the innocent and helpless noncombatants. If we must ever fight in another war, or if our sons must ever fight in one, it should be as far from our mothers, wives, and daughters as possible.

A great many of our so-called pacifists seek to have it believed that wars have been brought on by individuals wishing to profit thereby. This is an implication which seems to have gained some credence in the popular mind. Where is there any proof for such a statement? Not the slightest. Wars in the past have been fought, from the time of savagery to the present time, almost wholly for commercial reasons. Some few have been fought for religious or political reasons but for the most part they have been fought for the control of hunting grounds, pastures, sources of raw materials, markets, or the trade lanes leading to or from. Wherever commercial interests clash are sure to fall the sparks which may explode the magazines of Mars. We may sneer at commerce and make light of it all we please, but the fact remains that the commerce of the Nation is the commerce of the people of the Nation. It is not alone the commerce of the Mellons, the Du Ponts, the Morgans, or the Rockefellers. It is also the commerce of the Smiths, the Joneses, the Murphys, the Cohens, the Strobinskis, and the Picollonis—the men who labor on the farms and in the mines, mills, and factories. Not alone the commerce of Wall Street, but as well the commerce of Main Street and the streets across the railroad tracks.

We are a commercial Nation whether we will or not. We are by no means self-sufficient and depend upon importation of many essential commodities necessary to our national welfare in time of peace and our national existence in time of war. The interruption of certain of these commodities for even a few days would be a national calamity. Those in charge of our national defense must be left free to act quickly in time of emergency or dire consequences may very easily result. We cannot be isolationists for even a few days. Internal strife is much more dangerous than foreign troubles. Our enemies would like nothing better than to have us shut up within our own borders for a period during which we wage a political campaign to determine whether or not we would go to war. At the conclusion of the campaign, whatever its result, we would be easy picking. We must not

become sold on the theory that a physical invasion of our Nation is the only factor which can threaten our national security.

It might be mentioned in passing that in the last generation a new cause of war has arisen. A political cause. In the future, wars will also be fought to establish the supremacy of different schools of political belief. The people of the world are becoming more politically minded. Competition to force the political thought of a nation upon another people is taking its place alongside commercial competition and promises to be even more strife provoking than was ever religion or commerce. The causes of warfare are multiplying, not diminishing. The danger is greater and therefore the various intricacies, such as would be involved in the plan of the gentleman from Indiana, are all the more dangerous. Negotiations between democracies proceed at a slow pace, but among dictatorships it proceeds with the speed of lightning.

Another danger in this matter presents itself if this amendment to the Constitution should be adopted. That danger comes from the world-wide drift toward political competition, from which we as a Nation are by no means immune, signs of which are apparent in opinions relating to the Spanish civil war. Also, we can observe among our citizens certain organizations which, while apparently opposed to foreign wars for any cause, seem ready enough to resort to domestic violence to attain their ends. Human minds are by no means infallible and are not permanently fixed. They are subject to change and are also subject to being influenced by propaganda and unduly inflamed over comparatively unimportant incidents. It is quite possible that occasions might arise wherein a popular vote might lead the Nation into a war which the Congress would not of its own will undertake.

Amendments to the Constitution are meant to remedy defects in our system of government which our experience proves should be remedied. What is there in our past to justify such a demand? Never have our forces been used except in defense of justice, national and international. No intelligent person can read history and accuse our military forces of being habitual and tyrannical pursuers of invasion and conquest. But year by year, decade after decade, our system of national defense has been built around the sound theory that its most valuable asset in keeping the peace is its freedom to use its initiative in impending emergencies. That initiative does not extend to declaring war. But it does permit constant readiness to move to thwart any potential enemy, before that enemy has destroyed lives, homes, and property on American soil. Should we change this tried and proven policy because of the actions of Napoleon or Kaiser Wilhelm or any other foreign war lord? Not any more than we should change our monetary system because of their mistakes in that respect.

Let the people speak through their elected representatives in this as in other matters. [Applause.]

The SPEAKER pro tempore. Under the previous order of the House, the gentleman from Texas [Mr. SUMNERS] is recognized for 15 minutes.

Mr. SUMNERS of Texas. Mr. Speaker, first, I want to compliment the two Houses of Congress upon the disposition manifested to gather around the council table and consider in a proper spirit the problems of this country. We have entirely got beyond the time when the responsibilities of the statesmanship of this country can be discharged by criticizing somebody or by criticizing the opposite party.

I believe no student of existing conditions in America and in the world can fail to reach the conclusion that the problems of this hour challenge us to a higher degree of efficiency in real statesmanship than that which has ever been required at any period in the history of any people. A responsibility like this makes us humble, sobers our judgment, and gives us a tolerant attitude.

There are some very distressing developments in America and in the world and some that give us courage. Speaking generally, I think there is a greater disposition on the part

of the people and their public officials to get their feet on the ground and their heads on their shoulders and lay their propositions out on the table and look at them and try to arrive at a sound conclusion. Once in a while I think it is a good thing for a country, as it is a good thing for a mercantile establishment, or as it is a good thing for anybody, to stop and examine candidly its policies, to take a sounding, to read the stars, and to look at the compass.

These observations are largely aside from the purpose which prompted me to ask your attention and indulgence for a few minutes this afternoon. I have been thinking for a good long while as to what is happening in this country and in the world from a lopsided development which is making this to be known as the machine age, which is literally, in many respects, bringing a definite conflict between human beings and inanimate machinery. It is an interesting thing when you look at it that really on the earth today there is a definite conflict between human beings and machinery. I mean that the improvement which we have made in mechanical equipment has so far outstripped our ability to distribute the benefits of improved machinery and to prevent it from actually becoming a destructive agency in the world that it produces a serious question.

Of course, every machine, every invention, to some degree disturbs existing relationships, but when you have a situation such as we have in the world today, when we know that we have so far outstripped ourselves in the development of machinery that improved machinery is putting on the streets honest people who want to earn a living, and is giving to the people who do have work the necessity of maintaining as objects of charity or quasi objects of charity millions of people, then it is at least worthy of putting the problem out on the table and seeing whether or not the policy, as it has been developed, is wise. Let me put it this way. It is all right to increase your mechanical agencies if you parallel that increase so that the human beings who are released by reason of improved machinery have a chance to get another job, but when you have improved your machinery so much more rapidly than you have improved in other directions, when you put the machine on the job and turn an honest man out on the street and send him home to his family at the end of the day, when he has been willing and ready and able to work, the question then presents itself of whether or not it is a wise public policy for a public agency to offer a definite inducement to whomever may give it some more idle people. I do not, of course, refer only to the machinery but to the failure to make the necessary readjustment. I have been a trader ever since I was a kid in the hills of Tennessee. I would buy anything from a yearling to a polecat hide, but I always wanted to know, when I swapped anything, whether I was getting the value of it or not.

Now, is it good, old-fashioned, common-sense trading to go out in the market and buy some more idle people by offering whoever will invent a machine that will give you some more idle people an inducement of 17 years of a monopoly on the right to use such machine?

That is the concrete proposition. It is an entirely different proposition from just letting everybody go ahead and get what he wants and do as he pleases. That is not the proposition; but here is the Government of the United States, with probably six or eight or ten million idle people, now under its patent laws advertising to the whole world that if anybody will just do something that will give us some more idle people we will give him a right of monopoly for 17 years in the use of the invention. It is a matter that is of sufficient importance and rests on a sufficiently sound consideration to justify a serious examination. We have never thought about it, have we? It has just always been, and it is a mighty difficult thing to get us to put a proposition out on the table and look at it that we have inherited. I have been considering this a long time. I am introducing a bill today—not a bill that I would be willing to have passed, but a bill simply presenting for consideration the principle, because I would not undertake to write out in detail a bill unless we want to do something about it. I am

introducing this bill today that will stop for the time being the bidding on the part of the Federal Government for some more idle people. I am offering the bill to stop the issue of patents on the part of the Federal Government in labor-saving devices. [Applause.] I do not know; it may be foolish, but I am doing it. You know, when you have thought about a thing a long time, when a thing will not get out of your head, you have got to do something about it, and that is what has happened to me. I have been thinking about this thing a good while, and I have been pretty much interested in this world that I am living in. I have a sort of natural defect of acquiring a volume of knowledge. People know things and they tell me about them and I know they know it, but I have to send that through the processes of my own analysis before it is my knowledge. I have looked at this thing a good while, and 5 years ago I wrote a letter to the chairman of the Committee on Patents, which I ask that the Clerk read in my time.

The SPEAKER pro tempore. Without objection, the Clerk will read.

The Clerk read as follows:

JANUARY 4, 1932.

Hon. WILLIAM I. SIROVICH,
Chairman, Committee on Patents, House of Representatives,
Washington, D. C.

MY DEAR COLLEAGUE: I beg to direct the consideration of your committee to the possible advisability under our circumstances of suspending, for the present, patents for labor-saving devices.

I have not thought the matter through all of its ramifications, but sufficiently to feel warranted in calling it to your serious consideration, not as a major factor but as one of considerable importance in itself and still more important for the principle which is involved.

In the first place, a patent is not a thing which anyone can claim as a matter of right.

It is a monopoly of the right to use, granted by the Government as an inducement to devise novel things for the public benefit.

We have accepted without question that anyone who invents a labor-saving device is a public benefactor and have accepted the advantages of those devices without accepting any of the corresponding and paralleling responsibilities and duties.

As a result we have naturally developed a lopsided progress.

Only as the buying power of the average person is increased so that he can buy something, to him new, something created by the person whose job has been taken by a machine, and as hours of labor are readjusted and the benefits of such inventions distributed is it safe to increase labor-saving devices, or at least wise, as a matter of public policy, for the Government to offer persons a special inducement to invent them.

Farmers who learn to cultivate by a better method are not given patents. Physicians who develop new and better methods of treating diseases are not given monopolies in the method of treatment.

Certainly it is far better to have two persons working, each earning his own living, than to have one person with a machine to do the work formerly done by the two, and the person supplanted, unable to get any other work, an object of charity. It is still worse under these conditions for one person to do the work of three.

To increase machine production per man without increasing per-man power to buy does not tend toward a healthy economic or industrial condition. To increase production and at the same time decrease the number of those able to buy is tragically unsound. The person supplanted by the machine and left without a job cannot purchase. There is nothing more hurtful economically and morally or more dangerous to the State than to have people ready, willing, and able to work for an honest living but deprived of the opportunity.

The corresponding and, in nature, paralleling line of true progress is too far behind. Had we not better wait with the one, or at least withdraw the artificial stimulus given by the Government until the other line is brought up?

With millions of people idle who are willing to work, as a matter of practical common sense it seems to me an absurd thing for the Government to continue to offer this inducement to persons who will devise methods for taking away jobs of persons now engaged, who will have to be supported either by charity or from the Public Treasury.

Very respectfully,

HATTON W. SUMNERS.

Mr. SUMNERS of Texas. That is all I want to say.

The SPEAKER pro tempore. The time of the gentleman from Texas has expired.

Mr. CHURCH and Mr. McMILLAN rose.

Mr. SUMNERS of Texas. Mr. Speaker, may I have a moment or two in which to answer questions?

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. SUMNERS of Texas. That is all I want to say except this: I wish the Members of Congress would think about this. It is a matter worthy of thought, and out of the thinking we may arrive at some sound conclusion about it. I thank you very much for the privilege of submitting this to your serious consideration.

Mr. McMILLAN. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes. First, may I ask is anyone to follow me?

The SPEAKER pro tempore. There is one more speaker.

Mr. SUMNERS of Texas. I do not want to encroach upon his time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas to proceed for 5 minutes?

There was no objection.

Mr. McMILLAN. Mr. Speaker, may I ask of the gentleman whether it is his purpose to incorporate the language of the bill that he has proposed to pass in his remarks, for the information of the House?

Mr. SUMNERS of Texas. It is, but I shall only submit the principle. I do not undertake to go into detail. There is no use trying to write the bill in its details until we agree on the principle. The text of my bill is as follows:

Be it enacted, etc., That after the date of the enactment of this act and until — no patent shall be issued under the patent laws (title LX, ch. 1, as amended, of the Rev. Stats.; U. S. C., title 35) for the invention or discovery of any labor-saving machine or device or any improvement thereof. This act shall not apply in case of any application for a patent which has been passed and allowed, and notice of which has been sent to the applicant or his agent, prior to the date of enactment of this act.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. CHURCH. Does the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. CHURCH. Does the gentleman realize that the most humble persons generally have been inventors of the things the gentleman refers to? Does not the gentleman realize that if we take off the restriction upon business that will put millions of men to work—the very people the gentleman is referring to?

Mr. SUMNERS of Texas. I am afraid that I do not get the gentleman's point.

Mr. CHURCH. First, that the most humble individuals in the world are those who are getting patents and that today the restrictions on business are such that you are not even encouraging business and you will not liberate capital to put every man to work which the gentleman claims are out of work.

Mr. SUMNERS of Texas. I understand the gentleman's question.

Mr. CHURCH. I am on the Patents Committee, and I have given that matter considerable thought. I think the gentleman is going at it from the wrong end.

Mr. SUMNERS of Texas. The gentleman thinks we ought to increase the inducement to people to give us more inventions to put more people out of work?

Mr. CHURCH. We have the foreign countries to compete with, and they will send their goods here instead of our making the machinery.

Mr. RICH. Mr. Speaker, I congratulate the gentleman on his effort to try to prohibit mass production, thereby taking the place of honest American labor. If you will protect American labor from foreign shores, we will get everybody to work and you will have a contented and happy land. I am glad to see the gentleman present that proposition.

Mr. MURDOCK of Arizona. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. MURDOCK of Arizona. Would it not be better to change our existing law with regard to patents rather than

to declare a moratorium on the granting of patents or to proclaim a holiday on inventions?

Mr. SUMNERS of Texas. I think it is quite worth while to take under examination the whole policy with reference to patents.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. CASE of South Dakota. Would not the gentleman be afraid he might prevent the creation of some inventions that would actually produce more labor? I have in mind the industry with which I am most familiar, the printing industry. The invention of the linotype certainly put hand printers out of work for a time, perhaps, but the invention of the linotype has made possible far more jobs in the printing trades than ever existed before it was invented.

Mr. SUMNERS of Texas. I cannot agree with the gentleman's conclusion. I think the linotype, which may have been justified for other reasons, certainly took a lot of people out of business. It takes a whole lot fewer people to set up a paper by a linotype than by hand.

Mr. CASE of South Dakota. But it has increased the printing business.

Mr. SUMNERS of Texas. I understand this is a difficult question. I thoroughly understand it is a two-sided question.

There is not anything in the proposition that a labor-saving device puts more people to work. That is all hokey. Go down the street and see one of these ditch-digging machines that puts a hundred people out of work. There may be some other good reason for it, but it certainly puts a lot of people out of work.

Mr. FADDIS. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. FADDIS. I agree with the distinguished gentleman from Texas in his argument that labor-saving machinery is a detriment to the country insofar as it displaces many men. I do not believe the work is done any cheaper, as a general thing, but it just displaces more men. But, as to the gentleman's idea of eradicating this evil by refusing to grant patents, it would seem to me to work in the opposite direction, because a patent is somewhat of a monopoly and restricts the use of labor-saving machinery. I do not believe the question could be solved by refusing to grant patents. I believe the situation would even be worse.

Mr. SUMNERS of Texas. Those are the things I want everybody to think about.

[Here the gavel fell.]

Mr. SUMNERS of Texas. May I ask for just 1 more minute, and then I will be through?

The SPEAKER pro tempore. The gentleman asks unanimous consent for 1 additional minute. Is there objection?

There was no objection.

Mr. SUMNERS of Texas. I have introduced this bill to submit this matter to the consideration and study of the Congress and the country. It is not a matter to be easily put aside. This Government, which already has millions of idle people on its hands, is each day bidding for more. This increase of idle people is an increase of a serious menace, an increase of as destructive an agency as could be imagined. Whatever may be said on the other side of the matter, the statements on this point in my letter, written 5 years ago, are sound.

Mr. COLDEN. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. COLDEN. One of the abuses of the patent system is that one firm or group of firms will buy a patent, and they will use that as a monopoly, and the public does not get the benefit of the cheaper prices. It seems to me that we could amend the patent law by making patents open to all manufacturers who wish to pay royalty and use them.

Mr. SUMNERS of Texas. I think the whole thing should be examined. My experience this afternoon is no different to what it always has been, because every time I have suggested this everybody has jumped on it, but I cannot get it

out of my head that it is not worth considering, and I am taking a chance. [Applause.]

[Here the gavel fell.]

PERMISSION TO ADDRESS THE HOUSE

Mr. MURDOCK of Arizona. Mr. Speaker, I ask unanimous consent that I may proceed for 5 minutes.

The SPEAKER pro tempore. The gentleman from Pennsylvania [Mr. DITTER] has 10 minutes, under a special order. The gentleman can put his request to follow the remarks of the gentleman from Pennsylvania.

Mr. MURDOCK of Arizona. Then I will ask unanimous consent to address the House for 5 minutes following the gentleman from Pennsylvania [Mr. DITTER].

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

WAGE AND HOUR DISCHARGE PETITION

The SPEAKER pro tempore. The gentleman from Pennsylvania [Mr. DITTER] is recognized for 10 minutes.

Mr. DITTER. Mr. Speaker, our attention was directed this afternoon by my distinguished colleague from Pennsylvania to the subject of war. I believe his concern was well founded. It seems to me, however, that he should be concerned today with the state of war that exists here in the House.

I rise this afternoon to extend to the majority leader my sincere sympathy. In expressing my sympathy to him I feel confident that I express the sympathy of all the Members on our side of the House. What a sorry spectacle we were treated to today. My heart went out to the majority leader today. I have affection for him and a high regard for him. I was distressed as I saw him being led as a lamb to the slaughter. He offered himself as a sacrifice on the altar of the now desperate New Deal. I have heard the distinguished majority leader under other conditions and under other circumstances. I have heard this persuasive oratorical southerner make other appeals to this House. I have heard him defend the "death sentence" in the utilities bill. I could not help but compare the weak efforts that he put forth this afternoon with other speeches which he has delivered.

Today contrition was in every word, regret was present in every sentence, despair, disappointment, and chagrin manifested themselves on all sides as the distinguished majority leader came, offering himself as a face saver for the administration. He deserves our sympathy.

I recall that yesterday he resented the suggestion of the distinguished minority leader that he had been to the White House and taken orders. That rather irked the majority leader yesterday. I recall it, and still I could not help but feel that he must have been there; else how otherwise could he possibly explain his effort today?

I think the country should know what splendid service the distinguished majority leader has rendered. I believe the minority should join in recognizing the splendid way in which he told the country today that the New Dealers are demoralized and disintegrated. I do not know whether I imagined it, but it seemed to me that I could sense on the other side of the aisle today a great deal of humor as two distinguished men tried to say one to the other: "Do not blame me." You remember the chairman of the Rules Committee as much as said, "It is not my fault; the sin is not at my door; my hands are clean." And then you will remember that the distinguished majority leader, for whom again I profess a real regard, you will remember how he came and held up his hands and practically said: "Do not blame me; do not lay this sin at my door; I have signed the petition."

What does it mean? Does it mean that the distinguished majority leader is no longer the leader in the House? Does it mean that the majority leader no longer trusts the men of his own committees? Are we to understand that the majority leader admits that the majority of the Rules Committee cannot be depended upon? Does it mean that he lays at the

door of the majority members of the Rules Committee the indictment that they are not to be trusted and that their judgment is not to be followed. Does it mean that they can no longer be looked upon to direct the legislative program of the majority? Does it mean that he no longer has confidence in his members of the Rules Committee?

No censure should come to the Rules Committee. The chairman of the Rules Committee vindicated his position today. The members of that committee have acted in good faith.

Has the New Deal collapsed? Has the New Deal broken down? Has the New Deal been torn asunder by dissension and strife? Yes; it appears that a degree of independence has developed which means much to the country.

May I call the attention of the majority today to the fact that the rules are made for the protection of the majority? Do not tell the country that this is the fault of the Republicans. I call the attention of the majority today to what the RECORD shows on the 16th of November, the day after this extraordinary session started.

Mr. NICHOLS rose.

Mr. DITTER. I cannot yield. May I call the attention of the majority to the fact that the distinguished majority leader asked unanimous consent that day to dispense with business in order on Calendar Wednesday, just a week ago? It would not have been necessary for him to come in today and say, "Do not blame me; my hands are clean," if he had not made that request at that time. He might have permitted the calendar to be called; but you know why it was he wanted to adjourn last week. You know why he wanted to dispense with business in order on Calendar Wednesday. You know why it was that he did not want the sounding board of Congress here. It was for one reason only: Because a special session had been called with no program, with no outlook, with no objective, but with a disorganized, disgruntled, dissatisfied, disappointed group of New Dealers here in Washington with nothing to do. The serious business recession apparently made no impression, so Calendar Wednesday was dispensed with and we adjourned.

The country should know today that if the wage and hour bill is to be considered in this session it is up to the majority and not the minority to get together a bill which will command the support of the majority.

Mr. NICHOLS. Mr. Speaker, will the gentleman yield?

Mr. DITTER. No; I decline to yield. You are responsible for the legislative program or the lack of one. We come now to you today and say just as you said earlier in the day, "Do not lay the blame at our door; do not charge us."

Mr. Speaker, I regretted to hear the distinguished majority leader turn his back on the South. That, to me, was painful.

Mr. DIES. Is the gentleman in favor of the bill?

Mr. DITTER. I am not yielding to my distinguished friend. I am not yielding.

The SPEAKER. The gentleman from Pennsylvania declines to yield.

Mr. DITTER. Today the majority leader forsook the South. He parted company with the men of the South who believe in its industrial program and dream dreams of a new South. Old ties were broken then. Old associations were severed then. The new South of industrialism was forsaken.

The merits or demerits of the wage and hour bill is not the question. What we are concerned about is the cleavage in the ranks of the New Deal, the wedge which has been driven deep, the dissension which is so apparent, which has made of this special session a farce and a failure. [Applause.]

[Here the gavel fell.]

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to be allowed enough time in which to reply to the essential parts of the address of the gentleman from Pennsylvania. I, therefore, ask unanimous consent to proceed for 2 minutes. [Laughter and applause.]

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RAYBURN. Mr. Speaker, I am deeply grateful to my colleague, the gentleman from Pennsylvania, for his remarks concerning myself when I need sympathy and his expressions of sorrow, but it so happens right at this time I am not poor enough to need that on behalf of this side of the House. I think I would have let his high compliments go unchallenged, or would have accepted them in silence, if it had not been for the fact that in the last few words of his remarks he spoke about my turning my back on the South.

It happens that I went home when Congress adjourned and stayed there until just before I had to come to Washington to attend the special session. I mixed and mingled with my people and I discussed wages and hours with them. I told them that a great agricultural section of the country like mine that has some industry and is getting more would be helped, and the people would be helped more than any other class of people in the world, by having the workers in the towns and cities given a buying power so that they may be able to buy the necessities of life that we produce. [Applause.]

The biggest manufacturer in the district in which I live came to me and said:

I am for the wages-and-hours bill. We have an effective anti-child-labor law in the State of Texas. I pay decent wages. I work my employees decent hours and I am tired of competing with factories in cities and States where they do not have effective anti-child-labor laws and where they work people in sweatshops.

Those are the kind of people I represent down in the great Southwest. [Applause.]

Mr. Speaker, I am not turning my back upon them. I want and they want the men, women, and children throughout the length and breadth of this great country of ours to work under decent conditions and to have a decent wage. The statement is made that you on the Republican side have no responsibility. I understand you on that side of the aisle are going to have a caucus very soon. You cannot quite have that caucus in a telephone booth, but if your membership is as numerically reduced in 1938 as it was in 1934 and 1936, that will be an easy matter.

There is no despair about this matter, as far as I am concerned. Some gentlemen said they did not want the rule. The Republican members of the committee have said, or by their actions have indicated, that they do not want a rule. I wonder how many men on that side of the House will take the only course open to get this great humanitarian legislation considered by the Congress? You were elected by great constituencies that expect you to perform your duty as statesmen and not as partisans or as politicians.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. RAYBURN. No; I do not yield.

[Here the gavel fell.]

The SPEAKER. Under a previous order of the House, the gentleman from Arizona [Mr. MURDOCK] is recognized for 5 minutes.

Mr. ALLEN of Pennsylvania. Mr. Speaker, will the gentleman from Arizona yield for a minute?

Mr. MURDOCK of Arizona. I yield to the gentleman from Pennsylvania.

Mr. ALLEN of Pennsylvania. Mr. Speaker, may I answer one accusation which the gentleman from Pennsylvania [Mr. DITTER] made against the majority leader, namely, that part of his remarks in which he referred to the gentleman from Texas [Mr. RAYBURN] receiving orders from the White House.

I was present at a caucus last summer before we adjourned and I heard the gentleman from Texas [Mr. RAYBURN] at that meeting promise the Democratic Members of this House that when we returned he would sign his name to a petition, if necessary, to discharge the Rules Committee. He stated at that time he was breaking a precedent, that it was the first time he had ever done so. His act today was in fulfillment of that promise, and he took no orders from the White House.

Mr. Speaker, the gentleman from Pennsylvania [Mr. DITTER] on several occasions last year urged the Members on this side of the House to show some independence of action, and now because a few Members have differed, so far as

the principles or the mechanics of the wage and hour bill are concerned, he calls this independent action disintegration and demoralization—inconsistency again on the part of my Republican colleague.

Mr. Speaker, may I say in conclusion that if the gentleman had spent 15 minutes offering something constructive to the membership, something that might have benefited the Nation—which is in need at this time, we all agree—I think his efforts would have been more commendable. He need not worry about the loyalty of the Members on this side of the aisle. They are behind the majority leader. [Applause.]

The SPEAKER. The gentleman from Arizona [Mr. MURDOCK] is recognized for 4 minutes.

Mr. MURDOCK of Arizona. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. MURDOCK of Arizona. Mr. Speaker, I have requested a little time to speak on the momentous question raised a half hour ago by the gentleman from Texas [Mr. SUMNERS], my good friend and neighbor. He is not only a gentleman and a scholar; he is a philosopher. However, I may slightly differ with him perhaps in just a few respects.

Before I begin that discussion may I comment on what I have observed in this Chamber during the last 15 or 20 minutes? I might have been presumptuous in talking thus with some of my friends when I went back home a few weeks ago, but I did so, and I was asked by a number of them, "What do you think of the House of Representatives of which you are a Member?" I said some rather complimentary things about my colleagues. I stated, for instance, I felt from my short association with the Members of this House that the membership in general does not lack real patriotism. I stated further our membership, in my firm opinion, does not lack integrity. If there is any kind of a lack in this body, of which I am very proud to be a Member, I would say it is a lack of sufficient intelligence for our weighty tasks. I always qualified my statements when I said that by including myself in the membership, thereby bringing down the average, and I also stated that this was not a disparagement of the membership of the body but rather was due to the transcendent importance and bewildering perplexity of the problems dependent upon our solution.

This is probably the very thing the gentleman from Texas [Mr. SUMNERS] had in his mind here 15 or 20 minutes ago.

Because we are confronted today with problems of tremendous significance, I think more than human intelligence will be required for their proper solution. I preface my remarks this afternoon, then, by the statement that I wish we might bring our uttermost, united intelligence to bear on these problems with less dissension than we have seen this session.

SHALL WE HALT SCIENTIFIC THINKING?

The gentleman from Texas [Mr. SUMNERS] some 20 minutes ago stated he believes we ought to do something about our patent provisions. The fathers wisely provided that a limited monopoly might be given to those inventors and authors who produce machines or ideas of benefit to their fellows. I am not in favor of declaring a holiday on inventions, but I do believe we ought now, since liberal constitutional and statutory provisions throughout these years have made this a nation of Edisons, to modify our regulations so man may not be the victim of the machine—the Frankenstein—he has created, but instead make of it a servant. This means very much in its social implications. We want more labor-saving devices, but we want so to shape our law as to minimize the monopoly we have heretofore granted those who have not been the creators of the ideas and the machines. We want to make society as a whole the beneficiary of these great ideas and discoveries.

Sometime ago I attended a movie entitled "Frankenstein," and was horrified to see a man and his loved ones victims of the man's own creation. This well-known story of Frankenstein is frequently used as an illustration to picture conditions

in our machine age. Some thinkers regard man today as a victim of the machine and speak of "the machine as master of the man." In this period of remarkable invention labor-saving machines have been created, intended as servants of humanity. The traditional burdens of labor have been shifted largely from human beings and placed upon the sinews of steel embodied in the machines. All of this has enormously increased man's power to produce wealth, but the introduction of the machine age and the power age is not an unmixed blessing. Along with it has come deepening poverty. It takes no stretch of the imagination, then, to regard man as in the power of his own inventions.

This brings to my mind, Mr. Speaker, the marked contrast in the development of the two great fields of human knowledge, namely, man's knowledge of the physical world and man's knowledge of himself. In our day we have seen marvelous strides in the knowledge of the physical sciences but a lesser degree of progress in the field of the social sciences. Consider, for instance, the vast gulf in the knowledge of electricity between Benjamin Franklin of 150 years ago and Edison or Steinmetz of our times. Can we truthfully say that the wisest statesman of today is as far ahead of James Madison or Alexander Hamilton as Edison is ahead of Franklin? It is because the scientist has run ahead of the statesman in the acquisition of his particular kind of knowledge that we have arrived at this state of affairs which is so perplexing to my colleague from Texas. This lag in practical knowledge of all the social sciences makes us feel that we ought to call a halt on the progress of the physical scientists until humanity can adjust itself to the newly acquired knowledge of natural laws and devices.

The question is often asked, "Is this the best of all possible worlds?" The answer is inevitably "No." If the founders of this republic could have seen in a vision the marvelous machinery and equipment which we are using today, they must undoubtedly have dreamed that ideal social conditions would accompany such ideal physical conditions. How sadly disappointed they must be. In the midst of increasing control over Nature and increasing means of producing wealth, deepening poverty has come. Today we almost fear to utilize a mechanical cotton picker and even doubt the wisdom of using the mechanical corn husker or the combined reaper and thresher because of the misery accruing to many and happiness apparently to so few.

Is a young person today to be congratulated on being young? Is the future rosy hued or gloomy for those who are just coming on the stage of action? Are we going to be able to utilize to the full all of the inventive genius of our people, the scientific knowledge of the laboratory workers and the practical artisans in the crafts and trades? I feel that this answer depends upon the legislation which is enacted here in the near future and in the legislative bodies throughout the country. Technology has pointed the way to a glorious prospect. Will the legislators of this country be able to shape the laws governing our society in such a way as to minimize the suffering incident to readjustments following inventions and maximize all of the benefits made possible through this scientific advance?

We are cowardly if we say it cannot be done, but I can readily understand the doubts and fears of the wisest among us when he contemplates the magnitude of our task. Therefore, Mr. Speaker, I would not hamper the scientific mind, but rather encourage it and try to bring harmonious action between the inventor and the lawmaker, both working together for social and material improvement of our people. [Applause.]

[Here the gavel fell.]

THE LATE MARQUIS GUGLIELMO MARCONI

The SPEAKER laid before the House the following communication from the Clerk of the House:

NOVEMBER 18, 1937.

The SPEAKER,

The House of Representatives, Washington, D. C.

SIR: For information of the House, I have the honor to transmit herewith correspondence relative to the transmission through official channels to Her Excellency Marchioness Marconi and to the

family of His Excellency Marquis Guglielmo Marconi, the resolution of the House of Representatives expressing the sorrow of the House upon the death of His Excellency Marquis Guglielmo Marconi.

Very truly yours,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

EXTENSION OF REMARKS

Mr. LEWIS of Maryland. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and include therein a letter of the Honorable Henry L. Stimson, former Secretary of State, with respect to the Japanese-Chinese situation, as published in a few papers on October 7, 1937.

Mr. RICH. Mr. Speaker, reserving the right to object, may I ask the gentleman if this has anything to do with the fact we are notifying the people of this country a war exists between China and Japan, and that the President of the United States might also gain this information?

The SPEAKER. Does the gentleman object?

Mr. RICH. I do not, Mr. Speaker.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOOK. Mr. Speaker, I ask unanimous consent that on tomorrow, after the completion of the legislative program of the day and following special orders previously entered, I may address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

EXTENSION OF REMARKS

Mr. ROGERS of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a radio speech I delivered recently, together with the statements of the gentlemen who introduced me.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. AMLIE. Mr. Speaker, I ask unanimous consent that on tomorrow, following the remarks of the gentleman from Michigan [Mr. HOOK] I may be permitted to address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent that on tomorrow, following the remarks of the gentleman from Wisconsin [Mr. AMLIE] I may be permitted to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. PATRICK. Mr. Speaker, I ask unanimous consent that on Friday next, after disposition of the matters on the Speaker's desk and following the legislative program of the day, I may be permitted to address the House for 15 minutes.

The SPEAKER. The gentleman from Alabama asks unanimous consent that on Friday next, after the disposition of matters on the Speaker's table and following the legislative program of the day, he may be permitted to address the House for 15 minutes.

Mr. RICH. Mr. Speaker, reserving the right to object, may I ask the majority leader if the House is going to be in session over Thanksgiving? Are we going to continue our labors here the rest of the week?

Mr. RAYBURN. I may say to the gentleman from Pennsylvania it is the intention to adjourn over Thanksgiving Day, of course. I have been in conference with the members of the Committee on Agriculture. Whether or not we have a session on Friday will depend, of course, on their wishes. I want to go along with them on what they want, provided they have work to do. I may say, however, I feel certain the only work which could be done in the House on Friday would be general debate on the agricultural bill, if it is in the House.

Mr. RICH. I thank the gentleman.

Mr. WHITE of Ohio. How about Saturday?

Mr. RAYBURN. I do not imagine the Committee on Agriculture would want to continue on Saturday. However, I do not know.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

EXTENSION OF REMARKS

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and incorporate therein a copy of the bill to which I referred a moment ago.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RUTHERFORD asked and was given permission to extend his own remarks in the RECORD.

Mr. SHANLEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein two extracts from the American Journal of International Law and a short extract from another pamphlet.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. POLK, for 3 days, on account of important business.

To Mr. MITCHELL of Illinois, indefinitely, on account of illness in family.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 10 minutes p. m.) the House adjourned until tomorrow, Wednesday, November 24, 1937, at 12 o'clock noon.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 7887) granting a pension to Roxie Francis Coffey and Barbara Jean Coffey, minor children of John Coffey, and the same was referred to the Committee on World War Veterans' Legislation.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FORD of California: A bill (H. R. 8482) to amend the Panama Canal Act; to the Committee on Merchant Marine and Fisheries.

By Mr. HARTER: A bill (H. R. 8483) to repeal the surtax on undistributed profits; to the Committee on Ways and Means.

By Mr. KNUTSON: A bill (H. R. 8484) to terminate the tax on toilet preparations, etc.; to the Committee on Ways and Means.

By Mr. STACK: Resolution (H. Res. 350) to grant 10 per cent veterans' preference in Federal Government positions to veterans who have been decorated with the Purple Heart; to the Committee on the Civil Service.

By Mr. KRAMER: Resolution (H. Res. 362) providing additional compensation for the special assistant in the office of the Doorkeeper; to the Committee on Accounts.

By Mr. LEWIS of Maryland: Joint resolution (H. J. Res. 517) authorizing the President of the United States, in cooperation with other nations, to apply economic sanctions to Japan; to the Committee on Foreign Affairs.

By Mr. HOBBS: Joint resolution (H. J. Res. 518) proposing an amendment to the Constitution of the United States, granting the Congress the power to regulate the production of any and all farm products and to buy and sell

all such products as are capable of being stored for an indefinite period of time without material deterioration; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BATES: A bill (H. R. 8485) for the relief of William H. Carter; to the Committee on Military Affairs.

Also, a bill (H. R. 8486) granting a pension to Jennie M. Spaulding; to the Committee on Invalid Pensions.

By Mr. CANNON of Missouri: A bill (H. R. 8487) confirming to Louis Labeaume, or his legal representatives, title to a certain tract of land, located in St. Charles County, in the State of Missouri; to the Committee on the Public Lands.

By Mr. DEMPSEY: A bill (H. R. 8488) to provide for the issuance to Perfecto Gallegos, of Las Vegas, N. Mex., of a patent to certain public lands; to the Committee on the Public Lands.

By Mr. DONDERO: A bill (H. R. 8489) for the relief of Fred D. Armstrong; to the Committee on Military Affairs.

By Mr. HANCOCK of New York: A bill (H. R. 8490) granting an increase of pension to Sarah A. Seager; to the Committee on Invalid Pensions.

By Mr. HILL of Washington: A bill (H. R. 8491) granting a pension to Emma Zetta Bowden; to the Committee on Invalid Pensions.

By Mr. KOPPLEMANN: A bill (H. R. 8492) for the relief of Robert Doty; to the Committee on Claims.

By Mr. MOTT: A bill (H. R. 8493) for the relief of Clara A. McCracken; to the Committee on Claims.

By Mr. RANKIN: A bill (H. R. 8494) for the relief of Joe Crisp; to the Committee on Naval Affairs.

By Mr. TAYLOR of Tennessee: A bill (H. R. 8495) for the relief of O. C. Ousley; to the Committee on Claims.

Also, a bill (H. R. 8496) granting a pension to Henry A. Settle; to the Committee on Pensions.

Also, a bill (H. R. 8497) granting an increase of pension to Nannie A. Bell; to the Committee on Invalid Pensions.

By Mr. THURSTON: A bill (H. R. 8498) granting an increase of pension to Netta Adams; to the Committee on Invalid Pensions.

By Mr. VOORHIS: A bill (H. R. 8499) for the relief of W. F. Yerian; to the Committee on Naval Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3420. By Mr. CURLEY: Petition of the New York Board of Trade, regarding proposed legislation on reorganization of the executive department of Government; to the Select Committee on Government Organization.

3421. Also, petition of the New York Mercantile Exchange, New York City, urging adoption of House bill 3144 to levy an excise tax on imported egg products; to the Committee on Ways and Means.

3422. By the SPEAKER: Petition of the Philadelphia Committee for Industrial Organization, relating to wage and hour legislation; to the Committee on Labor.

3423. By Mr. MAGNUSON: Petition of 10 student organizations located on the University of Washington campus, at Seattle, protesting against the present slash in National Youth Administration funds and regarding that slash as an extremely short-sighted policy which jeopardizes the educational opportunities of American youth; to the Committee on Banking and Currency.

3424. By Mr. ANDREWS: Petition of residents of Buffalo, N. Y., favoring enactment of House bill 3140; to the Committee on Interstate and Foreign Commerce.

3425. Also, petition of residents of Buffalo, N. Y., protesting against the increase of taxes on foods of any description; to the Committee on Ways and Means.